



**ANNUAL REPORT
AND FINANCIAL STATEMENTS
AT 30 JUNE 2022**

Notice of convocation

Milan, 13 October 2022

to all Shareholders
to all members of the Board of Directors
to all members of the Board of Statutory Auditors

c/o their offices

Dear Sir/Madam,

You are invited to attend the ordinary and extraordinary Shareholders' Meeting of Associazione Calcio Milan S.p.A., to be held at the head office of Associazione Calcio Milan S.p.A. in Milan, via Aldo Rossi 8, at **10.30 AM on 26 October 2022** at the first call, and, if necessary, on 27 October 2022 at the same time and place at the second call, to discuss and resolve on the following

Agenda:

Ordinary Business

1. Approval of the Company's financial statements as at 30 June 2022, accompanied by the Board of Directors' report on operations and the reports of the Board of Statutory Auditors and the Independent Auditors. Allocation of the operating loss. Relative resolutions.
2. Presentation of the Company's consolidated financial statements as at 30 June 2022, accompanied by the Board of Directors' report on operations and the reports of the Board of Statutory Auditors and the Independent Auditors. Related and/or consequent resolutions.
3. Appointment of the members of the Board of Statutory Auditors and appointment of the Chairman of the Board of Statutory Auditors pursuant to Article 2364(1)(2) of the Italian Civil Code and setting of the remuneration of the members of the Board of Statutory Auditors pursuant to Article 2364(1)(3) of the Italian Civil Code Relative resolutions.
4. Appointment of the Independent Auditors and setting of their remuneration. Relative resolutions.

Extraordinary Business

1. Amendments to Arts. 6, 9, 10, 11, 16, 17, 18, 19 of the Articles of Association Relative resolutions.

The meeting may be attended by those who have the right to vote, as well as by those persons to whom the right to attend is reserved by law or by the By-laws.

To attend the meeting, each shareholder must lodge a share certificate bearing the name and duly issued to that shareholder, at the Company's head office beforehand or must produce such certificate at the venue of the meeting under the terms and in the manners set forth in Article 11 of the Articles of Association. Any shareholder entitled to attend the meeting may, by written form of appointment, be represented by another shareholder pursuant to Article 11 of the Articles of Association. Best regards,

Paolo Scaroni
Chairman of the Board of Directors

Company Bodies and Officers

Board of Directors

Chairman	Paolo Scaroni
Directors	Gerry Cardinale
	Stefano Cocirio
	Giorgio Furlani
	Ivan Gazidis
	Isaac Halyard
	Niraj Shah
	Alec Scheiner
	Gordon Singer

Board of Statutory Auditors

Chairman	Franco Carlo Papa
Standing auditors	Cesare Ciccolini
	Alberto Dello Strologo

Supervisory and control body

Chairman	Stanislao Lucheschi
	Michaela Castelli
	Francesca Muttini

Independent Auditors	EY S.p.A.
	Via Meravigli, 2
	20123 MILAN

(*) *In office on the date of approval of the financial statements for the year ending 30 June 2022*

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REPORT ON OPERATIONS



MILAN GROUP

A.C. MILAN S.p.A.

Registered office: Via Aldo Rossi no. 8, Milan

Secondary offices: Carnago (VA), Via Milanello no. 25 – Milan,

Via dei Missaglia no. 17 – Rho (MI), Via dei Fontanili no. 61/63:

Share Capital: Euro 113,443,200.00 fully subscribed and paid,
comprising 218,160,000 shares, each with a nominal value of Euro 0.52.

Tax ID and Milan, Monza and Brianza e Lodi Companies' Registry Registration No: 01073200154

BOARD OF DIRECTORS' REPORT ON OPERATIONS

AT 30 JUNE 2022

Sports results

The football season ended with a first-place finish in the Italian Serie A championship and a quarter-final appearance in the Italian Cup. As far as European competitions are concerned, the failure to qualify from the Group Stage of the UEFA Champions League competition is worthy of note. On 6 May 2022, the UEFA First Instance Licensing Committee, having examined the documentation produced by the Licence applicant in the framework of the granting process of the UEFA Licence for the 2022/2023 football season, decided to grant the Licence on the basis of the requirements provided for by the UEFA Licence Manual - Edition 2020, and as per Official Notice No. 244/A published on 9 May 2022.

On 1 July 2022, Co.Vi.So.C./F.I.G.C., having examined the documents submitted by the Club, found that the conditions required for the National Licence for the 2021/2022 professional championship had been met, in accordance with Title I) of Official Communication no. 220/A of 27 April 2022.

Transfer Campaign

Sales and purchases of player rights

The transactions finalised during the 2021/2022 Transfer Campaign resulted in a net decrease in invested capital of Euro 32.3 million, deriving from additions of Euro 47.7 million, disposals of Euro 9.5 million (net book value of the rights sold) and write-downs of Euro 8 million. Amortisation for the period amounted to Euro 62.6 million

Profit on disposal of player registration rights amounted to Euro 5.6 million, while loss on disposal amounted to Euro 2.5 million.

The player transfer deals completed during the summer window of the 2022/2023 Transfer Campaign, which began on 1 July and ended 1 September 2022, included the permanent or temporary acquisitions of the players Alessandro Florenzi, Junior Walter Messias, Divock Origi, Charles Marc De Ketelaere, Malick Thiaw, Sergino Dest, Aster Jan Vranckx, Leonardo D'Alessio, Hugo Francisco Quenca Martinez, Juan-Carlo Simic and Dariusz Piotr Stalmach.

The permanent and/or temporary disposals of player registration rights included those of Leonardo Campos Duarte Da Silva, Samuel Castillejo Azuaga, Frank Tsadjout.

It bears noting that in July 2022, the employment contracts of players Lenny Alexander Borges and Leroyil Abanda Mfono were terminated by mutual consent and the economic effect of the termination has already been recognised in the financial statements at 30 June 2022.

Renewals of player contracts

During 2021/2022, five contract renewals took place in relation to players in the Milan first team.

Terminations of player contracts

In July 2022, the employment contracts of players Lenny Alexander Borges and Leroyil Abanda Mfono were terminated by mutual consent and the economic effect of the termination has already been recognised in the financial statements at 30 June 2022.

Season Ticket Campaign

In compliance with administrative authority directives to contain Covid-19, the Serie A championship season 2021/2022 was played in front of a reduced capacity (which varied in percentage terms over the season). Season ticket sales were not considered convenient due to the risk of having to play matches behind closed doors.

Business performance

Consolidated result for the period

The net consolidated result for 2021/2022 financial year shows a loss of Euro 66.5 million, a decrease of Euro 30 million compared to the consolidated loss of 2020/2021, equal to Euro 96.4 million.

The change in net income/(loss) for the 2021/2022 financial year compared to the previous year is mainly due to a Euro 32.5 million increase in matchday revenue following the reopening of stadiums; a Euro 13.8 million increase in income from commercial and royalties as a result of the new brand use contracts with the Club's main commercial partners for the 2021/2022 and subsequent seasons; a Euro 3.8 million increase in sponsorship revenue; a Euro 8.0 million reduction in amortisation of fixed intangible assets mainly attributable to player registration rights; a Euro 10.9 million net increase in other revenues and income mainly due to the Euro 17.8 million extraordinary profit on disposal of fixed assets resulting from the sale of the "Casa Milan" building. These increases were partly mitigated by the Euro 14.6 million reduction in profit on disposal of player registration rights; a Euro 5.2 million reduction in income from the sale of TV rights given that fewer matches were played than in the previous year, which was compensated to some extent by the higher Champions League revenues; a Euro 6.7 million increase in costs for services; and a Euro 8 million increase in the write-down of player registration rights of some players, due to the effect of losses of some players in August 2022.

Value of production

The value of production for 2021/2022 amounted to Euro 297.6 million, an increase of 14% compared to the Euro 261.1 million for the previous year, as follows:

	2021/2022		2020/2021		Change
	Value	%	Value	%	
Audiovisual and media income	133.1	44.7%	138.3	53.0%	-5.2
Match day revenues	32.5	10.9%	0.0	0.0%	32.5
Revenues from players' registration rights	10.5	3.5%	28.4	10.9%	-17.9
Sponsorship revenues	57.8	19.4%	54.0	20.7%	3.8
Commercial revenues and royalties	25.1	8.4%	11.2	4.3%	13.8

Other revenues and income	38.7	13.0%	29.2	11.2%	9.5
Total	297.6	100.0%	261.1	100.0%	36.5

Revenues from the sale of audiovisual and media rights, amounting to Euro 133.1 million (-4% compared to the 2020/2021 financial year), decreased mainly due to playing fewer matches during the season reported than during the previous season in which some 2020/2021 Serie A championship matches were played in July and August 2020 following the postponement in the conclusion of the competition due to Covid-19, which was partially made up by the higher revenues from participation in the Champions League.

Match day revenues amounted to Euro 32.5 million (not present during the previous year). This change is due to the reopening of stadiums and the possibility of playing home fixtures in the league and European competition in front of a crowd after the Italian Government rolled back its Covid-19 restrictions.

Revenues from players' registration rights, amounting to Euro 10.5 million, decreased by Euro 17.9 million compared to the 2020/2021 financial year due to the combined effect of higher revenues from the temporary transfer of player registration rights (+ Euro 1.6 million), lower profits on disposal of player registration rights (- Euro 14.5 million) and lower miscellaneous revenues from player registration rights (- Euro 4.9 million) mainly due to the consideration paid to the Parent Company on the resale of players.

Sponsorship income, commercial income and royalties amounted to Euro 81.2 million and went up by Euro 16 million compared to 2020/2021, thanks to signing contracts with new counterparties for the current season and subsequent seasons and the increase in sporting performance related bonuses.

Other revenues and income amounted to Euro 38.5 million (Euro 29.2 million in the 2020/2021 financial year) and mainly refer to the Euro 17.8 million (not present in the previous year) in profit on disposal of fixed assets resulting from the sale of the "Casa Milan" building; Euro 3 million (Euro 14.7 million in the 2020/2021 financial year) for the use, for various reasons, of the provision for future charges allocated in the financial statements closed in previous years; and Euro 8.2 million (Euro 3.1 million in the 2020/2021 financial year) in contingent assets and other revenues and income of a residual nature. This item also includes Euro 0.7 million (unchanged with respect to the 2020/2021 financial year) in fees arising from the invoicing to the associated company M-I Stadio S.r.l. for the use of some indoor and outdoor spaces at the San Siro Stadium in Milan; Euro 0.8 million (Euro 0.5 million in the 2020/2021 financial year) for insurance reimbursements resulting from injuries suffered by A.C. Milan first team players and Euro 0.5 million (Euro 0.3 million in the 2020/2021 financial year) of income for sundry recharges.

Costs of production

Costs of production for the 2021/2022 financial year amounted to Euro 353 million, an increase of Euro 5.2 million compared to the Euro 347.4 million recorded for the 2020/2021 financial year, as follows:

	2021/2022		2020/2021		Change
	Value	%	Value	%	
Cost of personnel	170.3	48.3%	169.7	48.8%	0.6
Amortisation, depreciation and write-downs	76.4	21.7%	81.1	23.4%	-4.8
Cost of services and use of leased assets	68.1	19.3%	59.7	17.2%	8.4
Expenses from management of player registration rights	10.4	2.9%	16.2	4.7%	-5.8
Cost of purchasing raw materials and goods	7.7	2.2%	5.0	1.4%	2.8
Other costs and charges	19.8	5.6%	15.7	4.5%	4.1
Total	352.6	100.0%	347.4	100.0%	5.2

Personnel costs, equal to Euro 170.3 million, showed an overall increase of Euro 0.6 million.

Amortisation, depreciation and write-downs amounted to Euro 76.4 million and decreased by Euro 4.8 million (-5.9% compared to the 2020/2021 financial year), mainly due to a Euro 3 million decrease in the amortisation of player registration rights as a consequence of the 2020/2021 transfer campaign and a Euro 5.4 million decrease in the amortisation of intangible fixed assets, which were partly compensated by a Euro 8 million increase in the write-downs of the registration rights of some players due to the loss-making sales in the course of the 2022/2023 transfer campaign (Euro 1.9 in the previous financial year).

Cost of services and use of leased assets, amounted to Euro 68.1 million, showing an increase of Euro 8.4 million (+14% compared to 2020/2021) mainly due to higher consultancy costs (+ Euro 1.9 million), advertising costs (Euro 1.5 million), utilities (+ Euro 1.1 million) and increased costs arising from the use of the San Siro stadium of Milan than in the previous year due to no agreement being reached with the Municipal Administration of Milan for the temporary suspension of events due to Covid-19 (- Euro 0.8 million).

Expenses from management of player rights amounted to Euro 10.4 million, decreasing by Euro 5.8 million compared to the 2020/2021 financial year due to the lower expense on temporary acquisitions of players (- Euro 4.3 million) and player sell-on fees (- Euro 1.6 million).

Costs of raw materials and goods were Euro 7.7 million for an increase of Euro 2.8 million and essentially refer to the costs incurred in buying training kit, the official kits supplied by the Official Kit Partner, costs of buying medical items and products related to the "Milan Store" opened at "Casa Milan".

Other costs and charges, amounting to Euro 19.8 million (Euro 15.7 million in the previous financial year), included Euro 7.9 million (Euro 8.4 million in the previous financial year) relating in particular to the allocation of future charges related to sports and non-sporting personnel as well as out-of-court copyright applications made to the parent company; Euro 6.3 million (not present in the 2020/2021 financial year) in miscellaneous match day expenses; Euro 2.3 million (Euro 1.8 million in the 2020/2021 financial year) related to contingent liabilities; Euro 1.3 million for Lega Nazionale Professionisti Serie A contributions (unchanged on the 2020/2021 financial year); Euro 0.4 million (Euro 1.2 million in the 2020/2021 financial year) related to charitable donations; and Euro 0.5 million (Euro 0.3 million in the 2020/2021 financial year) related to costs arising from recharges made to players and third parties for their own fees.

Financial Income and Expenses

Financial income and expenses showed a negative balance of - Euro 4.6 million compared to a negative balance of - Euro 3.3 million in the 2020/2021 financial year (- Euro 1.3 million), mainly due to commissions on GUARANTEES issued by leading banks and/or insurance companies mainly to partially cover the player transfer campaign, as well as the effects of the application of the amortised cost criteria on payables arising from the player transfer campaign.

Adjustments in value of financial assets

This item amounted to Euro 0.5 million (- Euro 2 million in the 2020/2021 financial year) and refers to the revaluation carried out to align the book value of the investment in the associate M-I Stadio S.r.l. with the corresponding fraction of the company's shareholders' equity resulting from the financial statements for the year ended 30 June 2022, which was partly compensated by the write-down of the equity investment in Super League Company SL.

Income taxes for the year

The balance of this item, which amounts to - Euro 6.5 million (- Euro 4.9 million in the previous financial year) includes current taxes of Euro 4.2 million, for provisions for regional business tax, as well as Euro 2.3 million of deferred tax assets on consolidation adjustments, mainly relating to the reversal of operations pertaining to intercompany gains.

Player registration rights

On 30 June 2022, player registration rights totalled Euro 127.6 million compared to Euro 160 million at 30 June 2021.

The net decrease of Euro 32.3 million derives from the investments (+ Euro 47.7 million) and net disinvestments (- Euro 9.4 million), amortisation for the period (- Euro 62.6 million) and write-downs of multi-year player registration rights in the period (- Euro 8 million).

For details of the players involved in these movements, please see the attachments section of the Notes of the Parent Company Financial Statements.

Shareholders' Equity

Consolidated Shareholders' Equity at 30 June 2022 was Euro 131.230 million, a considerable increase compared to the balance of Euro 67.3 million at 30 June 2021, due to payments on account of the future share capital increase for a total of Euro 5 million made by the majority shareholder and the Euro 66.5 million consolidated loss for the period and the revaluation reserve of Euro 125 million (pursuant to Italian Decree-Law 104/2020).

For more details about the accounting revaluation during the financial year, please see the Notes to the financial statements.

Net Financial Position

At 30 June 2022, the consolidated Net Financial Position of the Milan Group presented net debt equal to Euro 28.4 million, a significant improvement (+ Euro 73.2 million) on the figure of the 2020/2021 financial year (Euro 101.6 million).

For more details about the composition and movements in Net Financial Position, please see the Notes to the consolidated financial statements.

Relationships with subsidiaries, affiliates and parent companies

The company is not subject to direction and coordination by former parent Rossoneri Sport Investment Luxembourg S.à. r.l.

With regard to the main relationships in place with subsidiaries, associates and parent companies:

- the Parent Company A.C. Milan has an agreement in place with the subsidiary Milan Real Estate S.p.A. regarding the use of the Milanello Training Centre and a number of rental units, which also includes maintenance services, for an annual fee of Euro 6.9 million, net of any adjustments and the Italian National Statistics Institute (ISTAT) revaluation;
- the Parent Company A.C. Milan has an agreement with its subsidiary Milan Entertainment S.r.l. for the provision of a whole series of services including commercial, marketing, sales, stadium and ticketing management, staff management and administration, fiscal and insurance services, financial and cash management, operations control and *internal auditing*, legal, *compliance* and security services, IT, *social* and *new media*, logistics and general services, as well as sports regulatory compliance, with a total annual value of Euro 13.8 million, not including the Istat revaluation;
- the Parent Company A.C. Milan has a contract with the subsidiary AC Milan (Shanghai) Sports Development Co. Ltd. for the development of commercial activities under the Milan brand in the Asian market, including the planning and organisation of sports events and the sale of sports material and *merchandising* in Asia against *royalties* to be paid to the subsidiary following the execution of the specific agreement;
- The Parent Company A.C. Milan has a joint contract with F.C. Internazionale S.p.A., with M-I Stadio S.r.l. relating to the payments from invoices issued for the use of some internal and external spaces at the San Siro Stadium in Milan, under which the annual fee payable to the licensees is Euro 1.4 million (plus any adjustments);
- The Parent Company A.C. Milan has a joint contract with F.C. Internazionale S.p.A., with M-I Stadio S.r.l. relating to operating costs to manage the San Siro Stadium, under which the annual fee payable by the licensees is Euro 9.1 million (plus any adjustments);
- the Parent Company A.C. Milan has an intercompany correspondence *account with subsidiaries, which is* regulated at arm's-length conditions;
- With effect from 1 January 2017 the Parent Company A.C. Milan exercised the option to join the tax consolidation scheme (Articles 117-129 of Presidential Decree 917/86), as the consolidating entity, jointly with Milan Entertainment S.r.l., Milan Real Estate S.p.A. and Casa Milan S.r.l. consolidated companies.

Details of all other intercompany relationships and the changes in equity investments, as well as related-party transactions, are provided in the summary tables in the Notes.

Potential liabilities and other information Financial Fair Play

The club's participation in European competition is subject to compliance with the *UEFA Club Licensing and Financial Fair Play (CL&FFP) Regulations – Edition 2018*. In this regard, on 18 June 2020 the Executive Committee of UEFA approved partial exemptions from the Financial Fair Play rules and the criteria for their monitoring, so that the negative effects of Covid-19 on the financial results of football clubs are taken into account for the issuing of the Licence. Furthermore, on 1 June 2022 the UEFA Club Licensing and Financial Sustainability Regulations - Edition 2022 came into force, which will take effect for the beginning the 2023/2024 season.

On 31 August 2022, Parent Company AC Milan S.p.A. reached a settlement agreement with UEFA. In addition to settling the proceedings initiated against the Company by UEFA for violating the CL&FFP regulations as regards compliance with the break-even parameters for the monitoring period during the 2021/2022 season, this agreement regulates the transition by Parent Company AC Milan S.p.A. from the break-even parameters set forth in the CL&FFP to the new rules set forth in the UEFA Club Licensing and Financial Sustainability Regulations Edition 2022.

More information on the contents of the settlement agreement is provided in the following section.

UEFA SETTLEMENT

On 10 February 2022, the chairman of the First Chamber of the UEFA Club Financial Control Body ("CFCB First Chamber") opened a procedure with the Parent Company AC Milan S.p.A. under Article 12(1) of the *Procedural rules governing the UEFA Club Financial Control Body ("Procedural Rules") – Edition 2021* to ascertain whether the Club complied with the *UEFA Club Licensing and Financial Fair Play Regulation – Edition 2018* ("CL&FFP"). Specifically, Parent Company AC Milan S.p.A. was notified that its deviation from the break-even requirements set forth in Articles 58 to 64 and 68 of the CL&FFP exceeded the permitted deviation.

On 31 August 2022, UEFA and the Parent Company AC Milan S.p.A. reached a settlement agreement (*the "Settlement Agreement"*) through the CFCB First Chamber. Among other things, the Settlement Agreement regulates the transition by the Parent Company AC Milan S.p.A. from the break-even parameters under the CL&FFP to the new rules (taking effect beginning the 2023/2024 season) set forth in the UEFA Club Licensing and Financial Sustainability Regulations Edition 2022, which came into force on 1 June 2022.

The Settlement Agreement aims to govern the reporting periods (*reporting periods*) ending 2022, 2023, 2024 and 2025 and the following four football seasons: 2022/2023, 2023/2024, 2024/2025 and 2025/2026. The relevant provision has been recognised in accounts.

UEFA has published an excerpt of the Settlement Agreement online, pursuant to the Procedural Rules - Edition 2022, at the following address: [transitional_3-year_settlement_agreements_-_august_2022.pdf](#) (uefa.com).

It bears noting that the CFCB First Chamber also signed similar settlement agreements in August 2022 with AS Monaco (FRA), Beşiktaş JK (TUR), Juventus (ITA), Olympique de Marseille (FRA) and Paris Saint-Germain (FRA).

As a result of the Settlement Agreement, as mentioned in the previous paragraph, the Parent Company AC Milan S.p.A.

Super League

On 17 April 2021, A.C. Milan (the "Company") and eleven other clubs (the "Founding Clubs") formalised an agreement (the "Original Agreement") to create, subject to the fulfilment of certain conditions precedent, a twenty-team European competition called the "Super League" (the "SL") in which the first team of AC Milan would take part permanently as a founding club.

On 18 April 2021, the Company, together with eight other Founding Clubs, became a member, through the subscription of a share issue and payment of an amount of Euro 200 thousand, of the European Super League Company S.L.U. (the "SL Company"), i.e. the company incorporated under Spanish law set up for the purpose of creating and managing the proposed SL. Subsequently, as provided for in the agreements between the Founding Clubs, the Company made a further payment to Shareholders' Equity of the SL Company of Euro 1.8 million.

Following the public announcement of the planned creation of the SL, UEFA and other sports bodies affiliated to UEFA expressed their opposition to the creation of the SL and publicly announced the adoption of disciplinary sanctions against the Founding Clubs.

Following the termination, as provided for in the Original Agreement, of the SL project and the Original Agreement itself, the Company (together with certain other Founding Clubs) reached an amicable settlement with UEFA an amicable settlement of the matter (the "UEFA Agreement") and in this framework the Company has undertaken certain commitments towards UEFA including that of paying to the UEFA Foundation For Children, together with the other clubs that signed the agreement with UEFA, a total amount of Euro 15 million, divided among the various clubs pro rata, within 12 months of the signing of the agreement. On the basis of this agreement, the Company has also agreed that UEFA, in the next UEFA competition in which the Company qualifies (it being understood that the first season for this purpose will be the 2023/2024 season), shall retain 5% of the revenues due to the Company in relation to that season. The relevant provision has been recognised in accounts.

Following the achievement of the UEFA Agreement, the Company has learned from public sources that the Commercial Court of Madrid has issued an interim injunction, in the context of a case pending before that Court, ordering UEFA, inter alia, to annul certain aspects of the obligations undertaken towards it by the signatory clubs to the UEFA Agreement.

In a media statement dated 27 September 2021, UEFA informed the clubs that are signatories to the UEFA Agreement that it would not request payment of any of the amounts specified in the UEFA Agreement as long as the proceedings in the Madrid Commercial Court were pending. The Company also learned from public sources that the court in Madrid had asked the European Court of Justice to decide whether some aspects of UEFA's and FIFA's conduct were in breach of EU law. The Company also learned from public sources that, on 20 April 2022, the court in

Madrid revoked the injunctions it had previously ordered against on 20 April 2021 while the main case remained still pending.

Out-of-court copyright claims

On 8 and 24 August 2022, the Parent Company received out-of-court claims for alleged copyright violations. The Company responded with a defence refuting the claims. The Company nonetheless activated the indemnity obligations assumed towards it by third parties in connection with these issues. As a matter of prudence, the Company also made the relevant provision in accounts.

Information on the environment and personnel

In accordance with Article 2428(2) civil code, the Milan Group performs its activity in full accordance with the health and safety obligations provided for in Legislative Decree 81/2008, with regard to stadium security, the prevention and repression of football-related violence as provided for by Law number 41 of 4 April 2007 and by the Pisanu and Amato decrees.

Details of the number and composition of personnel are provided in the Notes.

Research and Development

During the 2021/2022 financial year, the Milan Group companies did not carry out any research and development activity.

Going concern

The Milan Group had a consolidated loss for the period of Euro 66.5 million, a positive shareholders' equity of Euro 131.2 million and a consolidated net debt, at 30 June 2022 of Euro 28.4 million.

During the financial year, Rossoneri Sport Investment Luxembourg S.à r.l., the previous majority shareholder of Parent Company AC Milan S.p.A., made capital contributions in favour of the Parent Company for a total of Euro 5 million.

Based on these considerations, the directors have prepared these consolidated financial statements on a going concern basis.

On 26 September 2022, the Parent Company's current majority shareholder, ACM Bidco B.V., committed to financially assist the Company and the Group for a period of not less than 12 months from the date that the shareholders' general meeting of AC Milan approves the financial statements at 30 June 2022, in doing so reiterating the commitment already assumed towards the Parent Company and the Group on 31 August 2022 after the change of control.

Main risks and uncertainties and business outlook

The continuation of the global health crisis, which affected the previous football seasons, and the outbreak of the war in Ukraine in March 2022, have exacerbated the climate of economic, financial and sporting uncertainty.

Forecasts for the global economy – and more specific figures for the sports industry in general and the football sector in particular – point towards a significant deterioration in the economic situation, taking into account both the potential impact of the Covid-19 pandemic and impacts seen in previous seasons, as well as the climate of uncertainty brought about by the war in Ukraine. These could have an impact on the performance and financial position of the Company, which is currently in a period of rising investments, sporting and otherwise.

Furthermore, when assessing the outlook of operations, the uncertainties typical of the football business are still present. These derive, in particular, from the performance of the First Team in the competitions in which it is involved, from additional transfers of player registration rights that may be made in the financial year, from the revenues from commercial activities, and from the trend in the cost of registered personnel, also taking into account the variable component of the agreed remuneration.

The Company will continue to monitor the evolution of the Ukraine conflict and situation related to the spread of the Covid-19 pandemic, in view of both the global economic implications and the changing regulatory framework. This will allow it to assess whether to adopt further measures to protect the health and wellbeing of its registered players, employees and collaborators, and to protect its sources of income and assets.

Financial risk management objectives and policies

The Milan Group has put in place specific policies outlining its financial risk management guidelines and objectives, with the aim of reducing its exposure to exchange, credit and liquidity risks connected to its core business.

The existing financial instruments (which do not include derivatives) such as bank and postal deposits, cash, cheques and other valuables and accounts receivable do not carry any type of financial risk.

The main financial risks that the Milan Group is exposed to are described below.

Exchange rate risk

Exposure to exchange risk derives almost entirely from the acquisition of player registration rights in currencies other than the Euro (generally U.S. Dollars, Swiss Francs and Pound Sterling). However, the Milan Group carries out the majority of its transactions (both purchases and sales) in Euro, and accordingly there are no significant risks connected to exchange rate fluctuations.

Interest rate risk

The interest rate risk mainly derives from the variable-rate payables that expose the Group to variable *cash flow*.

Credit risk

The Milan Group has relationships in place with leading national and international clients and has suitable procedures in place to minimise exposure to credit risk. In particular, receivables from domestic football clubs are guaranteed by the clearing house mechanism of the Lega Nazionale Professionisti. Receivables for fees resulting from the negotiation of contracts for TV rights are guaranteed by bank sureties issued by the clients. Lastly, receivables not backed by guarantees are regularly monitored to manage collection risk, with specific provisions for doubtful accounts made where necessary.

Liquidity risk

Liquidity risk is linked to the difficulty in raising funds to meet commitments. As mentioned above, during the 2021/2022 financial year Rossoneri Sport Investment Luxembourg, the previous majority shareholder of the Parent Company A.C. Milan S.p.A, carried out recapitalisations for Euro 5 million to provide the Parent Company A.C. Milan S.p.A. with the necessary funds to cover current operating expenses and to strengthen the Group's balance sheet.

On 26 September 2022, ACM Bidco B.V., the current majority shareholder of Parent Company AC Milan S.p.A., committed to financially assist the Parent Company AC Milan S.p.A. and the Group for a period of not less than 12 months from the date that the shareholders' general meeting of the Parent Company AC Milan S.p.A. approves the financial statements at 30 June 2022, in doing so reiterating the commitment already assumed towards the Parent Company AC Milan S.p.A. and the Group on 31 August 2022 after the change of control.

Milan, 29 September 2022

**for the Board of Directors
The Chief Executive Officer
Ivan Gazidis**



CONSOLIDATED FINANCIAL STATEMENTS



AC MILAN Group

Consolidated Financial Statements at 30 June 2022 (1/5)

(in thousands of Euros)

BALANCE SHEET

ASSETS

	30.06.2022	30.06.2021	Change
A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL DUE			
B) FIXED ASSETS			
I INTANGIBLE FIXED ASSETS			
4 concessions, licences, trademarks and similar rights	185,081	11,042	174,039
6 assets in progress and advances	54	28	26
7 player registration rights	127,642	159,953	(32,312)
8 others	7,289	8,291	(1,002)
Total	320,066	179,314	140,752
II TANGIBLE FIXED ASSETS			
1 land and buildings	11,170	61,388	(50,218)
2 plant and machinery	2,457	2,630	(173)
3 industrial and commercial equipment	4,229	1,625	2,605
4 other assets	1,399	823	576
5 assets in progress and advances	3,503	228	3,274
Total	22,757	66,694	(43,937)
III FINANCIAL FIXED ASSETS			
1 equity investments in:			
a) subsidiaries	104	104	—
b) associates	1,858	1,337	521
c) parent companies	—	—	—
d) companies subject to parent companies' control	—	—	—
e) other companies	1,000	2,000	(1,000)
Total	2,962	3,441	(479)
2 receivables from:			
e) others			
- within 12 months	418	490	(72)
- after 12 months	—	—	—
Total	418	490	(72)
Total	3,380	3,931	(551)
TOTAL FIXED ASSETS (B)	346,203	249,939	96,264

CONSOLIDATED FINANCIAL STATEMENTS

AC MILAN Group

Consolidated Financial Statements at 30 June 2022 (2/5)

(in thousands of Euros)

BALANCE SHEET

ASSETS

	30.06.2022	30.06.2021	Change
C) WORKING CAPITAL:			
I INVENTORIES			
4 Finished products and goods	428	444	(16)
Total	428	444	(16)
II RECEIVABLES			
1 from customers	63,753	55,514	8,239
2 from subsidiaries	0	0	—
3 from associates	1	181	(181)
4 from parent companies	—	—	—
5 from companies subject to parent companies' control	—	—	—
5 bis tax receivables			
a) within 12 months	677	107	570
b) beyond 12 months	419	419	0
5 ter deferred tax assets	9,809	12,075	(2,265)
5 quater from others	3,069	1,355	1,714
6 receivables from entities - specific sector			
a) within 12 months	21,421	39,047	(17,626)
b) beyond 12 months	9,309	19,776	(10,467)
Total	108,459	128,474	(20,015)
III FINANCIAL ASSETS (not included in fixed assets)			
7 other receivables			
Total	—	—	—
IV CASH AND CASH EQUIVALENTS			
1 bank and postal deposits	42,693	23,551	19,143
3 cash in hand	34	38	(5)
Total	42,727	23,589	19,138
TOTAL WORKING CAPITAL (C)	151,614	152,506	(893)
D) ACCRUALS AND DEFERRALS			
1 accruals	737	—	737
2 deferrals	4,346	3,295	1,051
TOTAL ACCRUALS AND DEFERRALS (D)	5,083	3,295	1,788
TOTAL ASSETS	502,899	405,740	97,159

AC MILAN Group

Consolidated Financial Statements at 30 June 2022 (3/5)

(in thousands of Euros)

BALANCE SHEET

EQUITY AND LIABILITIES

	30.06.2022	30.06.2021	Change
A) SHAREHOLDERS' EQUITY			
I CAPITAL	113,443	113,443	—
II SHARE PREMIUM RESERVE	31,020	31,020	—
III REVALUATION RESERVES	125,454	—	125,454
IV LEGAL RESERVE	124	124	—
V ARTICLES OF ASSOCIATION RESERVES	—	—	—
VI OTHER RESERVES	5,028	36,311	(31,283)
VII RESERVE FOR HEDGING EXPECTED CASH FLOWS	—	—	—
VIII RETAINED EARNINGS (LOSSES)	(77,302)	(17,188)	(60,114)
IX PROFIT (LOSS) FOR THE PERIOD	(66,537)	(96,416)	29,880
X NEGATIVE RESERVE FOR OWN SHARES IN PORTFOLIO	—	—	—
GROUP SHAREHOLDERS' EQUITY	131,230	67,294	63,936
(PROFIT) LOSS OF MINORITY INTERESTS	—	—	—
EQUITY OF MINORITY SHAREHOLDERS	—	—	—
TOTAL SHAREHOLDERS' EQUITY (A)	131,230	67,294	63,936
B) PROVISIONS FOR RISKS AND CHARGES			
1 for pensions and similar obligations	—	—	—
2 for taxes, including deferred taxes	48,550	—	48,550
3 other	23,983	18,667	5,316
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	72,533	18,667	53,866
C) EMPLOYEE LEAVING ENTITLEMENTS	2,081	1,767	314
PAYABLES			
1 bonds			
a) within 12 months	—	—	—
b) beyond 12 months	—	—	—
3 payables to shareholders for loans			
a) within 12 months	—	—	—
b) beyond 12 months	—	—	—
4 financial payables			
a) within 12 months	4,190	1,234	2,956
b) beyond 12 months	0	40,141	(40,141)
5 payables to other financial institutions			
a) within 12 months	21,771	70,450	(48,679)
b) beyond 12 months	45,153	13,393	31,760
6 advances	—	—	—
7 trade payables			
a) within 12 months	60,237	51,366	8,871
b) beyond 12 months	1,675	1,375	300
8 liabilities represented by credit instruments	—	—	—
9 payables to subsidiaries			
a) trade	—	—	—
b) financial	—	—	—
c) others	—	—	—
10 payables to associates			
a) trade	2,348	2,731	(383)
b) financial	1,847	1,847	—
c) others	885	885	—
11 payables to parent companies			
a) trade	—	—	—
b) financial	—	—	—
c) others	—	—	—
11 bis payables to companies subject to parent companies' control:			
a) trade	—	—	—
b) financial	—	—	—
c) others	—	—	—
12 tax payables	28,581	19,200	9,381
13 payables to pension funds and social security agencies	6,373	3,829	2,544
14 other payables	23,613	22,346	1,267
15 payables to entities – specific sector			
a) within 12 months	32,940	30,583	2,357
b) beyond 12 months	17,598	28,913	(11,315)
TOTAL PAYABLES (D)	244,480	285,561	(3,897)
E) ACCRUALS AND DEFERRALS			
1 accruals	275	46	229
2 deferrals	52,300	32,404	19,895
TOTAL ACCRUALS AND DEFERRALS (E)	52,575	32,450	20,124
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	502,899	405,740	134,344

CONSOLIDATED FINANCIAL STATEMENTS

AC MILAN Group

Consolidated Financial Statements at 30 June 2022 (4/5)

(in thousands of Euros)

INCOME STATEMENT

	FY 2021/2022	FY 2020/2021	Change
A) VALUE OF PRODUCTION			
1 Revenues from sales and services			
a) match revenues	32,309	—	32,309
b) season tickets	—	—	—
c) revenues from other competitions	235	—	235
Total	32,544	—	32,544
2 changes in inventories of work in progress, semi-finished goods and finished products	(54)	150	(205)
5 other revenues and income			—
a) operating grants	173	—	173
b) sponsorship revenues	57,799	53,991	3,808
d) commercial revenues and royalties	25,070	11,237	13,834
e) income from the sale of broadcasting rights:	133,075	138,261	(5,186)
f) sundry income	7,512	8,975	(1,463)
g) revenues from player loans	1,661	63	1,598
h) gains from the sale of player registration rights	5,570	20,185	(14,615)
i) other income from player management	3,227	8,133	(4,906)
l) revenues and other income	31,015	20,097	10,918
Total	265,103	260,941	4,161
TOTAL VALUE OF PRODUCTION (A)	297,592	261,092	36,500
B) COST OF PRODUCTION			
6 for raw materials, ancillary materials, consumables and goods	7,705	4,951	2,754
7 for services	57,737	51,019	6,718
8 for use of third-party assets	10,384	8,681	1,703
Total	75,826	64,652	11,174
9 personnel:			
a) salaries and wages	159,598	160,309	(711)
b) social security costs	8,123	7,315	808
c) employee leaving entitlements	2,166	1,736	430
e) other costs	367	328	39
Total	170,254	169,687	567
10 amortisation, depreciation and write-downs			
a) amortisation of intangible assets	65,997	74,074	(8,077)
b) depreciation of tangible assets	2,347	1,666	681
c) other write-downs of fixed assets	8,007	1,864	6,143
d) write-down of receivables included in working capital and in cash and cash equivalents	17	3,545	(3,528)
Total	76,368	81,149	(4,781)
12 provisions for risks	7,893	8,352	(459)
14 sundry management expenses			—
a) various match organisation expenses	6,280	1,024	5,256
b) match registration costs	20	3	17
c) percentage paid to visiting teams	—	—	—
d) costs for acquisition of players on loan	7,443	11,821	(4,378)
e) losses from the sale of player registration rights	2,456	2,224	232
f) other expenses from player management	500	2,140	(1,640)
g) other sundry management expenses	5,533	6,363	(831)
Total	30,124	31,927	(1,344)
TOTAL COSTS OF PRODUCTION (B)	352,572	347,415	5,157
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A - B)	(54,980)	(86,323)	31,343

AC MILAN Group

Consolidated Financial Statements at 30 June 2022 (5/5)

(in thousands of Euros)

INCOME STATEMENT

	FY 2021/2022	FY 2020/2021	Change
C) FINANCIAL INCOME AND (EXPENSES)			
16 other financial income			
d) income other than the above:			
- other	23	1,413	(1,390)
Total	23	1,413	(1,390)
17 interest and other financial expenses			
d) other financial expenses	(4,501)	(4,673)	172
Total	(4,501)	(4,673)	172
17 bis foreign exchange gains and losses:			
a) exchange gains	2	13	(11)
b) exchange losses	(124)	(10)	(114)
Total	(122)	3	(125)
TOTAL FINANCIAL INCOME AND (EXPENSES) (C)	(4,599)	(3,257)	(1,343)
D) VALUE ADJUSTMENTS OF FINANCIAL ASSETS			
18 write-backs			
a) equity investments	521	—	521
b) of financial fixed assets which are not equity investments	—	—	—
c) of securities held as working capital other than equity investments	—	—	—
Total	521	—	521
19 write-downs			
a) equity investments	(1,000)	(1,973)	973
b) of financial fixed assets which are not equity investments	—	—	—
c) of securities held as working capital other than equity investments	—	—	—
Total	(1,000)	(1,973)	973
TOTAL ADJUSTMENTS IN VALUE OF FINANCIAL ASSETS (D)	(479)	(1,973)	1,494
RESULT BEFORE TAX	(60,058)	(91,552)	31,494
20 current, deferred and prepaid income taxes			
a) current taxes	(4,209)	(3,363)	(846)
b) deferred and prepaid taxes	(2,269)	(1,501)	(769)
Total	(6,478)	(4,864)	(1,614)
PROFIT (LOSS) FOR THE PERIOD	(66,537)	(96,416)	29,880
(PROFIT) LOSS OF MINORITY SHAREHOLDERS	—	—	—
GROUP PROFIT (LOSS)	(66,537)	(96,416)	29,880

for the Board of Directors
The Chief Executive Officer
Ivan Gazidis

CONSOLIDATED FINANCIAL STATEMENTS

AC MILAN Group

Consolidated Financial Statements at 30 June 2022

(in thousands of Euros)

CASH FLOW STATEMENT	Amount at 30/06/22	Amount at 30/06/2021
A. CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT METHOD)		
Profit/(loss) for the year	- 66,537	- 96,416
Income taxes	6,475	4,864
Interest expense (interest income)	4,191	3,257
(Dividends)	-	-
(Gains) Losses on disposal of assets	17,755	295
1. Profit (loss) for the year before income taxes, interest, dividends and gains/losses on disposals	- 73,626	- 88,591
Adjustments for non-monetary items not offset in net working capital		
Provisions	11,059	10,088
Depreciation and amortisation expense	68,345	75,740
Impairment losses	8,007	1,864
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve cash flows	-	-
Other adjustments for non-cash items	-	-
2. Cash flow before changes in NWC	13,785	899
Change in net working capital		
Decrease (Increase) in inventories	16	150
Decrease (Increase) in receivables from customers	- 8,329	- 3,429
Increase (Decrease) in payables to suppliers	9,218	6,712
Decrease (Increase) in accrued income and prepayments	- 1,788	- 390
Increase (Decrease) in accrued expenses and deferred income	20,124	6,208
Other changes in net working capital	8,220	25,737
3. Cash flow after changes in NWC	41,337	21,371
Other adjustments		
Interest received (paid)	- 4,191	- 3,257
(Income taxes paid)	-	-
Dividend income	-	-
(Use of provisions)	10,059	15,721
Other income/(payments)	-	-
CASH FLOWS FROM OPERATING ACTIVITIES(A)	47,204	2,394
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Tangible fixed assets		
(Investments)	- 7,845	-
Disinvestments	50,399	54,211
Player registration rights		
(Acquisitions) player registration rights	- 47,517	-
Disposals players' registration rights	11,130	58,699
Decrease/(Increase) in receivables due to disposals of players' registration rights	28,092	3,060
Decrease/(Increase) in payables due to disposals of players' registration rights	- 8,958	- 17,277
Other intangible fixed assets		
(Investments)	- 3,783	-
Disinvestments	-	4,514
Financial fixed assets		
(Investments)	- 479	- 899
Disinvestments	-	-
Current financial assets		
(Investments)	-	-
Disinvestments	-	-
(Acquisition of business units net of cash and cash equivalents)	-	-
Disposal of business units net of cash and cash equivalents	-	-
CASH FLOW FROM INVESTING ACTIVITIES(B)	21,039	129,632
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Third-party financing		
Increase (Decrease) in short-term payables to banks	0	6
New financing	-	10,049
Loan repayments	- 54,105	-
Shareholder loan	-	-
New financing	-	-
(Loan repayments)	-	-
Own funds		
Paid capital increase	5,000	129,500
(Repayment of capital)	-	-
Sale (Buyback) of own shares	-	-
(Dividends and interim dividends paid)	-	-
Other income (expenditure) from financing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES (C)	- 49,105	139,543
Increase (Decrease) in cash and cash equivalents	19,139	12,305
Exchange rate effect on cash and cash equivalents		
Cash and cash equivalents - opening balance		
Bank and postal deposits	23,551	11,246
Cheques		
cash in hand	38	39
Total cash and cash equivalents - opening balance		
Of which not freely usable		
Cash and cash equivalents - closing balance		
Bank and postal deposits	42,693	23,551
Cheques		
cash in hand	34	38
Total cash and cash equivalents - closing balance		
Of which not freely usable		
Rounding difference	0	0

for the Board of Directors
The Chief Executive Officer
Ivan Gazidis



NOTES



MILAN GROUP

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2022

NOTES

GENERAL INFORMATION

A.C. Milan S.p.A. is a joint stock company incorporated in Italy and entered in the Milan Companies Register. Its registered office is located in 8 Via Aldo Rossi, 20149 Milan.

The Company's sole purpose is the pursuit of sporting activities and in particular, the training, the preparation and management of soccer teams and the promotion and organisation of competitions, tournaments and all other soccer activities in general, for the purposes and in compliance with the rules and guidelines of the Italian Soccer Federation and its Bodies (the FIGC).

STRUCTURE AND CONTENT

The consolidated financial statements at 30 June 2022, and these Notes, have been prepared in accordance with requirements for consolidated accounts, in Legislative Decree no. 127 of 9 April 1991 enacting the VII EC Directive and in accordance with the provisions of the civil code, as amended by Legislative Decree 139/2015 (the "Decree"), interpreted and amended by the Italian Accounting Standards issued by the Italian Accounting Body ("OIC") amended and updated following the enactment of Directive 2013/34/EU (the "Accounting Directive") with the Decree.

The financial statements used for preparing these consolidated financial statements at 30 June 2022 were those prepared for approval by the Boards of Directors of each company, apart from those relating to the subsidiaries, whose business years do not coincide with those of the consolidating entity. The aforementioned Financial Statements were restated, where required, to align them with the Group accounting principles, which are in line with applicable legislation, the OIC accounting principles and the provisions issued by the Football Federation and the Committee for the Supervision of Italian Football Clubs.

SCOPE OF CONSOLIDATION

The consolidated financial statements for the year 30 June 2022 include the accounts of the Parent Company A.C. Milan S.p.A. and the companies in which it holds, directly or indirectly, the absolute majority of the share capital and voting rights, as well as companies with shares of 50% or close to that amount, and for which the Milan Group is responsible for managing or exercises a dominant influence. Subsidiaries that are in liquidation or are inactive and those whose financial positions show insignificant values have therefore not been included in the scope of consolidation and have been accounted for using the cost method. Further details regarding the scope of consolidation are provided in the list of equity investments in subsidiaries, associates and others at 30 June 2022, attached to these notes.

CONSOLIDATION METHODS

The financial statements of subsidiaries are consolidated using the line-by-line method, replacing the carrying amount of the equity investments with the assumption of the assets and liabilities of the subsidiaries.

The difference between the acquisition cost and the shareholders' equity (or share of shareholders' equity for the companies consolidated using the proportional method) in the financial statements of the subsidiaries at the time of purchase, if it is not attributable to specific assets, is recognised as a "Consolidation difference" and is amortised in the manner indicated in the "Measurement criteria and accounting principles". Any remaining negative balance is recognised under the "Provisions for risks and charges" if attributable to a forecast of unfavourable economic results, otherwise it is recognised under the Shareholders' Equity item "Other reserves".

Equity investments in the companies in which the Group exerts significant influence (generally those in which the ownership percentage is between 20% and 50%) are measured using the equity method, replacing the carrying value of those equity investments, with an amount equal to the corresponding portion of shareholders' equity shown in the last approved financial statements, after the making the adjustments required by the appropriate principles for preparing the consolidated financial statements.

Receivables and payables, costs and revenues, and gains and losses resulting from transactions between companies included in the scope of consolidation are eliminated.

The portions of shareholders' equity and profit/(loss) for the period of consolidated subsidiaries attributable to non-controlling interests are shown in specific items.

MEASUREMENT CRITERIA AND ACCOUNTING PRINCIPLES

The consolidated financial statements at 30 June 2022 were prepared on the basis of the principles of clarity, accurate and truthful representation of the financial situation of the Milan Group and of the profit or loss for the period, in accordance with Article 2423, second paragraph, civil code.

The consolidated financial statements at 30 June 2022 were prepared in accordance with general principles of prudence, accrual-based accounting and the going concern assumption, also taking into account the economic function of assets and liabilities.

The valuation criteria of various financial statement items comply with the provisions of Article 2426 of the civil code and the reference accounting principles. Budget assumptions include continuity with the previous financial year with respect to the application of the valuation criteria adopted to prepare the Financial Statements.

As also required by the first paragraph of Article 2423-ter civil code, in view of the nature of the Parent Company A.C. Milan S.p.A.'s business, the instructions issued by the Italian Football Federation (FIGC) and the Committee for the Supervision of Italian Football Clubs have also been taken into consideration (hereinafter "Covisoc").

It should also be noted that, when preparing the consolidated financial statements at 30 June 2022, no exceptions pursuant to Article 2423, paragraph 4 civil code, were made.

The most significant valuation criteria and first-implementation rules adopted are detailed below.

Intangible fixed assets

Intangible assets are recognised as assets when they can be individually identified and their cost can be estimated in a sufficiently reliable way. They are recognised at purchase or production cost, including ancillary charges net of amortisation and write-downs. Fixed assets are systematically amortised on the basis of their estimated future life.

Multi-year charges were registered as assets because:

- their future useful life is demonstrated;
- there is an objective link with the relevant future benefits that the companies belonging to the Milan Group shall enjoy;
- their recovery can be estimated with reasonable certainty.

Player registration rights

These are intangible assets with a defined useful life equal to the term of the sports contracts signed with players.

Multi-year player registration rights are recorded at their historic purchase price inclusive of any directly attributable ancillary charges and, where appropriate, time-discounted to take into account the deferral of payments over more than one financial period.

The amounts were stated net of amortisation charges, calculated on a straight-line basis in relation of the duration of the contracts signed with individual professional players.

With regard to transactions involving the transfer of player registration rights or the renewal of player contracts, in accordance with industry regulations, the recognition in accounts of fees for services performed for the Parent Company A.C. Milan S.p.A. by licensed third parties (sports agents) is as follows:

- in the absence of conditions precedent (for example the player remaining registered with the Parent Company A.C. Milan S.p.A.), these fees are capitalised because they constitute a transaction cost for the purchase of the registration rights;
- otherwise the fees are recognised each time in the income statement if they are conditional on the player remaining registered with the Parent Company A.C. Milan S.p.A. or relate to services performed for the temporary acquisition or transfer (definitive or temporary) of the right.

Player registration rights are recognised on the date when the contract is signed. That date, pursuant to Article 1360 Italian Civil Code, becomes the retroactive date of effectiveness of the ratification by the Lega Nazionale Professionisti Serie A of national transfers, or the issuance of the international *transfer* certificate (I.T.C.) by the Italian Soccer Federation (FIGC) for international transfers, through the FIFA "T.M.S." system.

Amortisation starts from the year when the player is registered. For rights acquired during the year, amortisation starts from the date when the player is available, on a time accrual basis.

The original amortisation schedule is amended if a contract is extended due to its early renewal. The new amortisation schedule takes account, on a straight-line basis, of the net book value of the rights at the date of extension of the contract and of the new duration of that contract.

If there is no contractual provision regarding the effective date of the contract, the date for the accounting recognition is the date on which the Lega Nazionale Professionisti Serie A ratifies the contract for national transfers, or from the effectiveness of the issuance of the international *transfer* certificate by the Italian Soccer Federation (FIGC) for international transfers, through the FIFA "T.M.S." system.

The item "Player registration rights" also includes the costs incurred by the Parent Company A.C. Milan S.p.A. for the registration of players from amateur football clubs, or foreign clubs that have contributed to the technical training of the players.

In particular, the following are recognised:

- technical training and coaching bonuses, pursuant to Article 99 NOIF, paid to amateur football clubs following the signing of the first "professional" contract by players from those clubs. These costs are amortised on a straight-line basis over the duration of the contracts signed with the individual players;
- the training compensation and/or solidarity mechanism payments made, pursuant to FIFA regulations, to football clubs following definitive or temporary transfers of players registered with foreign clubs. These costs are amortised on a straight-line basis over the duration of the contracts signed with the individual players.

Concessions, licences, trademarks and similar rights

These are recognised at acquisition cost and relate to the user rights to the historical archive of television images of the Parent Company A.C. Milan S.p.A., which have a finite useful life as they have a period of economic use, in addition to the expenses for the creation and registration of company trademarks and the acquisition of software licenses, which are amortised on a straight-line basis over their estimated future useful life.

Other intangible fixed assets

These specifically refer to leasehold improvements amortised over the term of the related contract.

Tangible fixed assets

The are recorded at the purchase cost effectively paid to acquire the asset and are recognised on the date on which the transfer of risks and benefits takes place, which usually coincides with the transfer of title. This cost includes the purchase cost, ancillary purchase costs and all costs incurred to bring the asset to the location and in the conditions required for it to be a long-term asset for the companies belonging to the Milan Group.

Tangible fixed assets with a limited useful life are systematically depreciated on a straight-line basis based on their residual useful life.

The depreciation charge for each financial year refers to the distribution of the cost incurred over the entire duration of use.

For assets purchased during the financial year, the depreciation charge is reduced by 50%.

The basis for depreciation, initially estimated upon drafting the depreciation schedule based on the prices achievable on the market through the disposal of similar assets both in terms of technical features and the type of use to which they have been subject, is periodically reviewed in order to verify that the initial estimate is still valid. This amount is considered net of presumable removal costs.

If the tangible asset includes components or accessories with a useful life other than that of the principal asset, the depreciation of such components is calculated separately from that of the principal asset, unless this is not material or feasible.

The annual depreciation rates used, unchanged from the previous year, are shown in the table below:

Asset	Rate
Industrial Buildings	3.0%
Light constructions	10.0%
Plant and machinery	7.5% - 25.0% - 30.0%
Industrial and commercial equipment	15.0% – 15.5%
Furniture and fittings	12.0%
Electrical office equipment	20.0%
Vehicles	25.0%

Ordinary maintenance costs are charged in full to the income statement. Improvement-related maintenance costs are allocated to the related assets and depreciated over their remaining useful life.

Impairment losses for intangible and tangible assets

Impairment losses for intangible and tangible assets are posted pursuant to the provisions of the OIC 9 Accounting Standard.

The Company accesses at each financial statements date whether objective evidence exists that an asset has incurred an impairment loss. If such evidence exist, it estimates the recoverable value of the asset.

In particular, if the recoverable value of an asset (that is the greater out of its use value and fair value) is lower than its book value, the asset is posted at such lower value. The difference is recognised in the income statement as an impairment loss under item B10c). If, in the subsequent financial years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation/amortisation, and recognised in the income statement under item A5).

In absence of evidence of potential impairment losses, the recoverable amount is not determined. The write-back is made if the reasons for the impairment losses no longer exist and takes place to the extent of the value that the asset would have had, had the value adjustment not been performed. The impairment of goodwill cannot be restored.

With specific reference to player registration rights, if there are indications of value impairments (for example serious injuries or significant losses from post-year end sales, and contractual market conditions that prohibit the sales of players who are surplus to requirements) (“*impairment*”) of the residual book value.

Financial fixed assets

Equity investments in subsidiaries, associates, parent companies and other companies

Equity investments are registered as financial fixed assets if they are expected to be part of the Milan Group's long-term investment portfolio, otherwise they are recognised in the Working capital.

Equity investments in the companies in which the Milan Group exerts significant influence (generally those in which the ownership percentage is between 20 and 50 percent) are measured using the equity method in the manner described above.

The carrying amount of equity investments measured using the equity method is determined on the basis of their purchase or establishment price, including any ancillary charges. The cost incurred when purchasing an investment booked as a fixed asset is maintained in the financial statements of the subsequent financial years, unless an impairment loss occurs. The Milan Group assesses at each financial statements date whether objective evidence exists that an asset has incurred an impairment loss. The impairment loss is determined by comparing the value the equity investment was recorded at in the financial statements with the relevant recoverable value, calculated on the basis of the future benefits expected for the investor. The impairment loss is not maintained if the reasons for the adjustment made no longer apply.

Receivables

Receivables are carried at the amortised costs, time-adjusted, to the extent of their expected realisable value and, therefore, they are shown in the balance sheet net of the relevant provisions for doubtful accounts deemed adequate to cover reasonably predictable losses due to uncollectability.

If the transaction's interest rate is not markedly different from the market rate, the receivable is initially recognised at a value equal to the nominal value net of all premiums, discounts, allowances and inclusive of any costs directly attributable to the transaction that generated the receivable. The aforementioned transaction costs, any commission income and expenses and any difference between the initial value and the nominal value at maturity are distributed along the life of the receivable using the effective interest method.

When, on the other hand, the interest rate for the transaction that can be inferred from contractual conditions is markedly different from the market rate, the receivable (and the relevant income in the case of commercial transactions) is initially posted at a value equal to the present value of estimated future cash flows plus any transactions costs. The rate used to discount future cash flows is the market rate.

In the case of receivables from commercial transactions, the difference between the thus determined initial recognition value of the receivable and the value upon maturity is posted to the income statement as financial income throughout the life of the loan, using the effective interest rate method. In the case of financial receivables, the difference between the liquidity disbursed and the current value of future financial flows, always determined using the market interest rate, is recognised in financial expenses or income in the income statement upon their initial recognition, unless the substance of the transaction or of the agreement attribute a different nature to this component. Subsequently, the active interest accruing on the transaction is calculated at the effective interest rate and posted to the income statement with the value of the receivable as a contra-entry.

The value of the receivables is then subsequently reduced by the amounts received both as capital and as interest, as well as by any write-downs effected to readjust the receivables to their expected realisable value or due to losses. The Milan Group assumes that effects resulting from the implementation of the amortised costs and the discounting are not material when receivables are due within 12 months, taking into account that all contractual and substantial considerations that apply upon recognition of the receivable, as well as all transaction costs and any difference between the initial value and the nominal value at maturity are also negligible. In this case, discounting can be omitted, the interest can be calculated on the capital and transaction costs registered as deferred expenses and amortised on a straight-line basis over the duration of the receivable to adjust nominal interest income.

It should be noted that the Milan Group took advantage of the option – provided for by Article 12 of Italian Legislative Decree 139/2015 – to apply the amortised cost only to receivables that have arisen after 1 January 2016.

Write-off of receivables

A receivable is written off from the Financial Statements when:

- the contractual rights on the financial flows arising from the receivable are extinguished; or
- the ownership of the contractual rights arising from the receivable is transferred and, with it, the risks linked to the receivable area also essentially transferred.

For the purposes of the valuation of the transfer of risks, all contractual clauses are taken into account, such as repurchase obligations at the occurrence of certain events or the presence of commissions, excesses or penalties due for non-payment.

When the receivable is written off from the financial statements as a result of a disposal transaction that entails the substantial transfer of all risks, the difference between the price and the value the receivable was recognised at the time of disposal is recognised as disposal loss to be posted under item B14) of the income statement, unless the contract does not allow the identification of other economic components of different nature, including financial.

When the sale agreement does not include the transfer of all risks (e.g. agreements with total recourse), the account receivable is kept on the financial statements. If part of the consideration agreed by the transferee is paid in advance, a financial receivable is recorded as counterparty of the advance received. Cost elements, such as interest and commission, to be paid to the transferee, are recorded in the income statement depending on their nature.

When, also by virtue of a disposal contract that can substantially transfer all risks linked to the receivable, minimal risks for the companies belonging to the Milan Group can be identified, the presence of the conditions required to effect a relevant provision to the risk provision is assessed.

Cash and cash equivalents

Bank deposits, post office deposits, and cheques (current account, bank drafts and similar), and are measured according to the general principle of the estimated realisable value, unless the collection of such receivables is very doubtful.

Cash and revenue stamps, measured at their nominal amount.

Cash pooling, consisting in the centralised treasury management by one company within a Group, enables the optimisation of financial resources and is characterised by receivable and payable items towards the company managing the aforementioned *cash pooling*, respectively for collections from and deposits to the joint current account. Individual companies that participate in centralised treasury management recognise the receivables generated in the item “Financial assets for centralised treasury management” with an indication of the counterparty, which can be the subsidiary of the parent company, in Financial assets that do not constitute long-term investments. If the receivables are not due within one year, they are classified as financial fixed assets. Any such revaluations and write-downs are posted to the income statement under “Write-down of financial assets due to centralised treasury management” and “Revaluation of financial assets due to centralised treasury management”, indicating the counterparty. Any debt position arising from centralised treasury management shall be classified based on the provision of OIC 19 “Debts”.

Accruals and deferrals

The items include the portions of costs and revenues that are common to two or more financial years, based on the accruals principle. This principle provides that an accrual or a deferral is recognised when the following conditions are met:

- the contract starts in one financial year and ends in a subsequent one;
- the consideration for the services provided is contractually due in advance or in arrears compared to performance common to two or more subsequent financial years;
- the size of accruals and deferrals varies over time.

Accruals and deferrals do not include costs and revenues that accrued in full in the financial year to which the Financial Statements refer or in subsequent ones.

At the end of each financial year, the Company assesses whether the conditions that determined the initial recognition of the accrual or the deferral still apply; if necessary, the required value adjustments are effected. This assessment takes into account not only the passage of time, but also the estimated recoverability of the amount posted to the Financial Statements.

Shareholders' Equity

This item recognises all capital transactions effected between the company and the individuals who exercise their rights and duties as Shareholders. The share capital increase may only be recognised in the accounts after the transaction has been recorded in the companies' registry, as provided for by Article 2444, paragraph 2, civil code. This condition entails, from an accounting viewpoint, the need to use a Shareholders' equity item other than "Equity" in order item, in order to recognise the capital contributions subscribed by the Shareholders, which shall be reclassified under that item only after the transaction has been registered in the companies registry.

Any decrease in the share capital due to the withdrawal of a Shareholder entails an obligation for the Company to purchase his/her shares in order to reimburse him/her, if they are not acquired by other Shareholders; from an accounting viewpoint, a negative provision is registered under the item AX) "Negative reserve for treasury shares in the portfolio". The difference between the reduction in Shareholders' equity and the claim against the outgoing shareholder is channelled to a provision.

If a shareholder defaults, the share capital is reduced by an amount corresponding to the cancelled shares, which from an accounting point of view reverses the amount due from the outgoing shareholder (as to the tenths still payable by him), and the difference between the reduction in shareholders' equity and the claim against the outgoing shareholder is paid into a reserve.

Provisions for risks and charges

Provisions for risks are recognised for specific liabilities that are probable and whose values are estimated. Therefore, they are contingent liabilities linked to conditions that already existed at the date of the Financial Statements, but that were characterised by a degree of uncertainty, whose outcome depends on the occurrence of one or more future events. Provisions for charges are recognised for liabilities of a specific nature and certain existence, estimated as to their amount or date of occurrence, linked to obligations already assumed at the Financial Statements' date, but which will be collected in subsequent financial years.

Provisions are quantified based on estimates that take into account all available information, in compliance with the principles of accruals and prudence. These elements can also include the time horizon when at the Financial Statements' date there is a known commitment, on the basis of a contractual or legal obligation, whose disbursement can be reliably estimated and whose occurrence can be reasonably determined, that is sufficiently distant in time so as to make its current value at the date of the Financial Statements significantly different from the one estimated at the time of disbursement.

No generic risk funds without economic justification were set up.

Potential liabilities, if any, are posted to the Financial Statements and registered in the provisions only if they are deemed probably and if the amount of the relevant expense can be reasonably estimated. As a result, remote risks were not taken into account, whereas for contingent liabilities that are deemed possible, even if unlikely, information about the uncertainty situation, where relevant, that the loss would cause, as well as the estimated amount or the indication that such amount cannot be estimated, other possible effects, if not apparent, the indication of the management's opinion and that of its legal and other advisers, where available.

With respect to classification, the provisions for risks and charges are initially registered in the income statement items of the relevant classes Per (B, C or D), depending on their nature. If the link between the nature of the provision and one of the aforementioned classes is not immediately apparent, provisions for risks and charges are posted to items B12) and B13) of the income statement.

Employee leaving entitlements

Italian Law no. 296 of 27 December 2006, (2007 Finance Act) introduced new rules for employee leaving entitlements accruing from 1 January 2007. As a result of the Supplementary Pension Reform:

- employee leaving entitlements accrued up to 31 December 2006 remain in the company;
- employee leaving entitlements accruing from 1 January 2007, at the employee's discretion, either through explicit or tacit agreement, have been:
 - allocated to supplementary pension schemes;
 - remained with the company, which transferred the employee leaving entitlements to the I.N.P.S.'s Treasury Fund.

The amounts accrued from 1 January 2007 are still shown in the income statement item B9c) "Employee leaving entitlements". In the balance sheet, item C) "Employee leaving entitlements" represents the remainder of the provision outstanding at 31 December 2006, while item D13) "Payables to pension funds and social security agencies" shows the payable accrued at 30 June 2022 for the employee leaving entitlements still to be paid to the pension funds and social security agencies.

Payables

Payables are recorded in the Financial Statements using the amortised cost method, on a time-adjusted basis.

If the transaction's interest rate is not markedly different from the market rate, the payable is initially recognised at a value equal to the nominal value net of all premiums, discounts, allowances and inclusive of any costs directly attributable to the transaction that generated the debt. The aforementioned transaction costs, such as accessory costs to obtain loans, any commission income and expenses and any difference between the initial value and the nominal value at maturity are distributed along the life of the payable using the effective interest method.

When, on the other hand, the interest rate for the transaction that can be inferred from contractual conditions is markedly different from the market rate, the payable (and the relevant cost in the case of commercial transactions) is initially posted at a value equal to the present value of estimated future cash flows plus and considering any transactions costs. The rate used to discount future cash flows is the market rate. In the case of payables from commercial transactions, the difference between the thus determined initial recognition value of the payable and the value upon maturity is posted to the income statement as borrowing costs throughout the life of the loan, using the effective interest rate method. In the case of financial payables, the difference between the liquidity disbursed and the current value of future financial flows, always determined using the market interest rate, is recognised in financial income or expenses in the income statement upon their initial recognition, unless the substance of the transaction or of the agreement attribute a different nature to this component. Subsequently, the interest expense accruing on the transaction is calculated at the effective interest rate and posted to the income statement with the value of the payable as a contra-entry.

The value of the payables is then subsequently reduced by the amounts paid both as capital and as interest, as well as by any write-downs effected to readjust the receivables to their expected realisable value or due to losses. The Milan Group assumes that effects resulting from the implementation of the amortised costs and the discounting are not material when payables are due within 12 months, taking into account that all contractual and substantial considerations that apply upon recognition of the payable, as well as all transaction costs and any difference between the initial value and the nominal value at maturity are also negligible. In this case, discounting can be omitted, the interest can be calculated on the capital and transaction costs registered as deferred expenses and amortised on a straight-line basis over the duration of the receivable to adjust nominal interest expense.

Payables towards Group companies

Items D9), D10) e D11) include respectively payables to subsidiaries, associates and parent companies (not fully consolidated), as defined by Article 2359 of the civil code. These payables are shown separately in the balance sheet.

Item D11 bis) includes payables to companies subject to parent companies' control.

Revenues

Match revenues are recognised at the actual time of performance (when each match is played); Season pass sales, if collected at the end of the previous football season, are recognised on an accrual basis using the same rule (i.e. when each match is played).

Sponsorship income is allocated *pro rata according* to the related contracts, which are signed on the basis of the FIGC football seasons. Bonuses from sponsors are allocated to the income statement on an accrual basis, when the sporting event they relate to takes place.

Revenues from broadcasting license rights and subsequent use of images relating to home league matches are recognised on an accrual basis according to the football season to which they relate.

Revenues from service provision and expenses for their purchase are recognised on the date on which provision ended, or, for those governed by contracts with periodical payments, on the date such payments are due.

The revenues from the sale are recognised net of returns, discounts, allowances and premiums, as well as any taxes directly linked to the sale of the products and the provision of the services, and any adjustments to the revenues accrued during the year directly reduce the item "Revenues".

The item "Other revenues and income" includes non-financial positive income components solely due to additional management. This item includes any grants related to income.

Cost

Acquisition costs are recognised on an accruals basis.

The costs for raw materials, ancillaries, consumables and goods are inclusive of ancillary purchase costs (transport, insurance, loading and downloading, etc.) if included by the supplier in the purchase price, otherwise they are separately posted to service costs depending on their nature.

The costs include not only those whose amount is certain, but also those that are not yet documented, which have been specifically recognised in the Financial Statements.

Costs for bonuses due to players, coaches and technical personnel, for the achievement of pre-established sports results, and bonuses from sponsors are allocated to the income statement on an accrual basis, when the sporting event they relate to takes place.

Financial Income and Expenses

They include the positive and negative components of the economic result for the year linked to the financial activity of the companies belonging to the Milan Group, and are recognised based on the accruals principle.

All revenues, with suitable indication of the relevant sub-items, are recognised on an accruals basis.

Dividends

Dividends are recognised at the time when, as a result of the Resolution adopted by the Shareholder's Meeting of the subsidiary to distribute the profit, or the provisions, a collection right arises for the investor company. The dividend is recognised as financial income, independently from the nature of the reserves distributed. The investee company verifies that, following the distribution, the recoverable value of the equity investment has not diminished to such an extent as to require the recognition of an impairment loss.

Gains and losses

Gains and losses arising from the sale of multi-year player registration rights are classified under revenues and costs from the core business.

Gains and/or losses are calculated as the difference between the price agreed and the net carrying amount at the date of sale.

Current and deferred taxes and national tax consolidation

Taxes for the year are recognised in the income statement in the item “Current income taxes”.

Direct taxes accrued for the year are recognised based on the estimate of taxable income, in line with legal provisions and current tax rates and considering any applicable exemptions.

Moreover, the analysis of the presence of any time difference between the asset and liability values and the corresponding values relevant for tax purposes and/or between the income components posted in the income statement and those taxable or deductible for the purposes of the calculation of tax for the financial year, as provided for by OIC 25.

In presence of taxable temporary differences, deferred tax liabilities are registered in the Financial Statements, with the exceptions detailed below and provided by OIC 25.

In presence of deductible timing differences, taxes are registered in the Financial Statements only if their future recoverability is reasonably certain.

If tax liabilities have occurred, deferred tax assets are calculated and registered against the future tax benefit linked to them and to the extent of the taxable result achievable in line with tax projections within a reasonable time scale.

Deferred tax assets and liabilities are calculated on the amount of all the timing differences for the financial year, applying the tax rates applicable during the financial year in which the timing differences will be taxed, as provided for by the tax regulations that apply at the date of the Financial Statements. If tax regulations do not set out the tax rates applicable to the year in which the timing differences shall be taxed, the Milan Group calculates deferred taxes based on the rates applicable at the date of the Financial Statements. Deferred tax assets and liabilities are not discounted.

For the purposes of classification in the Financial Statements, tax receivables and payables are offset against each other only if there is a legal right to pay the amounts recognised based on tax legislation and if there the intention to net financial receivables and payables with a single payment.

The remuneration of the tax losses of the companies in the consolidation area is recognised at the time that the losses are effectively utilised in the consolidation area (and are not subject to the taxation of future profits by the individual consolidated company), at the IRES rate applicable during the tax period in which the tax loss is carried forward to reduce the consolidated taxable income. The economic benefits arising from consolidation adjustments effected by the consolidating company, but relating to the consolidated company, are remunerated in favour of the aforementioned consolidated company.

The consolidation adjustments that generated benefits in the consolidated tax return are recognised on the income statement under “Tax income from tax consolidated”, which is classified under “Current income taxes” with a contra-entry in the balance sheet, under “Receivables from Treasury from tax consolidation”. With respect to the treatment of I.R.E.S. withholding tax, positive differences, as well as advances paid independently by the consolidated companies, as this is a real transfer of operations to the consolidated entity, the transferring entity recognises a receivable due from the consolidating entity.

Change of accounting principles

Below is a description of the standards used when there are changes to voluntary accounting standards, and also to mandatory standards if different rules are not specifically required.

The change to an accounting standard is registered in the financial year in which it is adopted and the relevant events and transactions are treated in compliance with the new standard, which is applied with retroactive effect. This entails the accounting recognition of such effects on the opening balance of the Shareholders' equity for the year.

For comparison purposes only the opening balance of the Shareholders' equity of the previous year is adjusted and the comparative figures for the previous financial year are considered as if the new accounting standard had always been applied. However, when, after all reasonable efforts, it is not possible to determine the effect pertaining to the previous financial year, or when this calculation is excessively onerous, the Milan Group does not restate figures. Ultimately, when it is not possible to calculate the cumulative effect of the change of accounting principle of such calculation is too onerous, the Milan Group applies the new accounting standard starting from the first feasible date. When this date coincides with the start of the current financial year, the new accounting standard is applied on a forward-looking basis. The effects resulting from the adoption of new accounting principles on the balance sheet, income statement and cash flow statement, where available, have been highlighted and commented in these notes in correspondence of the explanatory notes pertaining to the items in the Financial Statements that were impacted in a specific way.

This standard had no significant impact on the consolidated financial statements for the year ending 30 June 2021.

Error correction

An error is registered at the time in which an incorrect qualitative and/or quantitative representation of a Financial Statement figure and/or an information provided in a note and, at the same time, information and data for its correct management is available. Correction of relevant errors is performed by rectifying the balance sheet item that was affected by the error at the time, charging the error's correction to the opening statement of the Shareholders' equity of the financial year in which the error is identified.

For comparison purposes only, when feasible, the Milan Group corrects a material error for the previous year by restating comparable figures, whilst if an error relates to previous financial years, it is corrected by restating the opening balances of the previous financial year. When the cumulative effect of a material error cannot be restated for all previous financial years, the Milan Group must recalculate comparable figures to correct the material error starting from the first feasible date.

Non-material errors committed in previous years are recognised in the income statement of the financial year in which the error is detected.

This standard had no significant impact on the consolidated financial statements for the year ending 30 June 2021.

Conversion criteria for items in foreign currency

Pursuant to Article 2426, paragraph 1, no. 8 bis of the civil code, monetary assets and liabilities in currencies other than the functional currency in which the Financial Statements are presented (the so-called "accounting currency"), subsequently to initial recognition, are recognised at the spot exchange on the date of the end of the financial year. The resulting exchange-rate gains or losses are posted to the income statement at the items C17-bis) "Exchange-rate gains and losses" and any net profit, which contributes to the result for the financial year, is allocated to the dedicated reserve that cannot be distributed until realisation.

Non-monetary assets and liabilities in currencies other than the accounting one are recognised at the exchange rate applicable at the time of their purchase. When the exchange rate at the closing date of the financial year is markedly different from that at the purchase date, the exchange rate variance is one of the elements considered in the assessment process to determine the value that can be recognised in the financial statements for individual non-monetary assets. In this case, therefore, any (positive or negative) exchange rate differences contribute to the calculation of the recoverable value.

Exchange rates

The exchange rates used to translate the main items in foreign currency are:

		Spot rate 30.06.2022 (*)	Average rate 2021/2022 (*)
U.S. dollar.	USD	1.0387	1.0566
Japanese Yen	JPY	141.54	141.5686
GB Pound	GBP	0.85820	0.85759
Swiss franc	CHF	0.9960	1.0245
Chinese Yuan	CNY	6.9624	7.0734

(*) Source Bank of Italy Eurosystem.

OTHER INFORMATION

Tax consolidation

The Parent Company A.C. Milan S.p.A. exercised the option to join the tax consolidation scheme (Articles 117-129 of Presidential Decree 917/86), as the consolidating entity, jointly with Milan Entertainment S.r.l. and Milan Real Estate S.p.A. and Casa Milan S.r.l., as consolidated companies.

Statutory audit of the accounts

The consolidated financial statements are audited by independent auditors EY S.p.A..

Statement of amounts

In view of their significance, the values of items in the consolidated financial statements, as well as the figures presented and commented on in the notes, are stated in thousands of Euros, unless otherwise indicated.

Disclosure on commitments, guarantees and contingent liabilities not included in the balance sheet

The note must detail the overall amount of the commitments, guarantees and contingent liabilities not included in the balance sheet, specifying the nature of any collateral provided, itemised in: a) existing pension and similar commitments, b) commitments towards subsidiaries, associates, as well as parent companies and companies subject to the latter's control.

Public funds - Information pursuant to Article 1, paragraphs 125-129 of law no. 124/2017

With reference to obligations on transparency and the disclosure of public funding regulated by article 1, paragraphs 125-129 of law no. 124/2017 as amended by the "security" decree law (no. 113/2018) and "simplification" decree law (no. 135/2018), introducing a number of disclosure and transparency obligations, starting from the 2018 financial reporting year, for entities that have economic relations with the Public Administration, in view of Assonime's interpretation in Circular no. 5 of 22 February 2019, which considers the regulation as non-applicable in the following cases:

- grants, contributions and economic benefits of any kind, of which the advantages are accessible to all enterprises that meet certain conditions, based on general, previously established criteria (for example: measures of ministerial decrees aimed at specific industrial sectors and at funding activities related to research and development projects);
- general measures that may benefit all enterprises and which come under the general structure of the reference system defined by the State (for example the mechanism to promote the reinvestment of profit, as provided for by A.C.E.);
- public European/foreign resources;
- contributions from trade associations;
- interprofessional funds for training courses, considering that the Funds are provided through contributions made by the beneficiary companies, that are required to meet specific management criteria based on transparency.

The companies (established under Italian law) of the Milan Group did not receive contributions of any kind in the 2021/2022 financial year.

Going concern

The Milan Group had a consolidated loss for the 2021/2022 financial year of Euro 66.5 million, a positive shareholders' equity of Euro 131.2 million and a consolidated negative net financial position, at 30 June 2022 of Euro 28.4 million.

During the financial year, the previous majority shareholder, Rossoneri Sport Investment Luxembourg, made capital contributions in favour of the Parent Company AC Milan S.p.A. for a total of Euro 5 million.

On 26 September 2022, ACM Bidco B.V., the current majority shareholder of Parent Company AC Milan S.p.A., committed to financially assist the Parent Company AC Milan S.p.A. and the Group for a period of not less than 12 months from the date that the shareholders' general meeting of the Parent Company AC Milan S.p.A. approves the financial statements at 30 June 2022, in doing so reiterating the commitment already assumed towards the Parent Company AC Milan S.p.A. and the Group on 31 August 2022 after the change of control.

Based on these considerations, the directors have prepared these consolidated financial statements on a going concern basis.

Significant events of the period

Super League

On 17 April 2021, A.C. Milan and eleven other clubs (the "Founding Clubs") formalised an agreement (the "Original Agreement") to create, subject to the fulfilment of certain conditions precedent, a twenty-team European competition called the "Super League" (the "SL") in which the first team of AC Milan would take part permanently as a founding club.

On 18 April 2021, the Company, together with eight other Founding Clubs, became a member, through the subscription of a share issue and payment of an amount of Euro 200 thousand, of the European Super League Company S.L.U. (the "SL Company"), i.e. the company incorporated under Spanish law set up for the purpose of creating and managing the proposed SL. Subsequently, as provided for in the agreements between the Founding Clubs, the Company made a further payment to Shareholders' Equity of the SL Company of Euro 1.8 million.

Following the public announcement of the planned creation of the SL, UEFA and other sports bodies affiliated to UEFA expressed their opposition to the creation of the SL and publicly announced the adoption of disciplinary sanctions against the Founding Clubs.

Following the announcement of termination, as provided for in the Original Agreement, of the SL project and the Original Agreement itself, the Company (together with certain other Founding Clubs) reached an amicable settlement with UEFA an amicable settlement of the matter (the "UEFA Agreement") and in this framework the Company has undertaken certain commitments towards UEFA including that of paying to the UEFA Foundation For Children, together with the other clubs that signed the agreement with UEFA, a total amount of Euro 15 million, divided among the various clubs pro rata, within 12 months of the signing of the agreement. On the basis of the UEFA Agreement, the Company has also agreed that UEFA, in the first UEFA competition in which the Company qualifies (it being understood that the first season for this purpose will be the 2023/2024 season), shall retain 5% of the revenues due to the Company in relation to that season. The relevant provision has been recognised in accounts.

Following the achievement of the UEFA Agreement, the Company has learned from public sources that the Commercial Court of Madrid has issued an interim injunction, in the context of a case pending before that Court, ordering UEFA, inter alia, to void certain obligations undertaken towards it by the signatory clubs to the UEFA Agreement.

In a media statement dated 27 September 2021, UEFA informed the *clubs* that are signatories to the UEFA Agreement that it would not request payment of any of the amounts specified in the UEFA Agreement as long as the proceedings in the Madrid Commercial Court were pending.

The Company also learned from public sources that the court in Madrid had asked the European Court of Justice to decide whether some aspects of UEFA's and FIFA's conduct were in breach of EU law.

Parent company A.C. Milan S.p.A. also learned from public sources that, on 20 April 2022, the court in Madrid revoked the injunctions it had previously ordered against on 20 April 2021 while the main case remained still pending.

Brand Revaluation

In these financial statements for the year ended 30 June 2022, the Company has opted to remeasure its "Milan" trademarks (the "Trademark") under Article 110 of Decree-Law No. 104/2020, converted into law with amendments by Law No. 126/2020, the applicability of which was extended by Article *1bis* of Decree-Law No. 41/2021 (converted into law with amendments by Law No. 69 of 21 May 2021). In this regard, the Company obtained a legal opinion from PwC TLS Avvocati e Commercialisti, which confirmed that the Company was eligible to apply this method as at 30 June 2022.

The Company's revaluation of the Trademark aims to identify its real value, thereby giving a true and fair representation of the Company's assets. The appraisal of the Trademark's value was nevertheless made in adherence to the principles of prudence, reasonableness and demonstrability to exclude the risk of overvaluation. The Company obtained an expert opinion estimating the value of the Trademark from an independent expert with prominent market experience and reputation. The expert calculated the value of the Trademark using the *royalty relief* method based on the Company's 2022/2023 budget. The expert also used value control criteria and made conservative assumptions as described in more detail in the expert opinion.

The revaluation was conducted for statutory purposes only (with no tax effects) for an amount no greater than that indicated in the expert report, which the Company has kept on file. As a result of the revaluation, the Company recognised the Trademark (which was not previously recorded in its balance sheet) in the balance sheet under intangible assets for the amount of Euro 174 million, with a contra-entry made in an equity reserve for Euro 125 million and a deferred tax provision of Euro 49 million.

Transfer Campaign 2021/2022

The transactions concluded during the 2021/2022 Transfer Campaign resulted in a net decrease in invested capital of Euro 32.3 million, deriving from additions of Euro 47.7 million, disposals of Euro 9.4 million (net book value of the rights sold) and write-downs of Euro 8 million. Amortisation for the year amounted to Euro 62.6 million. Profit on disposal of player registration rights amounted to Euro 5.6 million, while loss on disposal amounted to Euro 2.5 million.

The player transfer deals completed during the summer window of the 2022/2023 Transfer Campaign, which began on 1 July and ended 1 September 2022, included the permanent or temporary acquisitions of the players Alessandro Florenzi, Junior Walter Messias, Divoek Origi, Charles Marc De Ketelaere, Malick Thiaw, Sergino Dest, Aster Jan Vranckx, Leonardo D'Alessio, Hugo Francisco Quenca Martinez, Juan-Carlo Simic and Dariusz Piotr Stalmach. The permanent and/or temporary disposals of player registration rights included those of Leonardo Campos Duarte Da Silva, Samuel Castillejo Azuaga, Frank Tsadjout.

It bears noting that in July 2022, the employment contracts of players Lenny Alexander Borges and Leroyil Abanda Mfono were terminated by mutual consent and the economic effects of the terminations have already been recognised in the financial statements at 30 June 2022.

Liquidation of AC Milan (Beijing) Sports Development Co. Ltd.

In February 2022, the liquidation proceedings and the consequent de-registration and cancellation of the subsidiary AC Milan (Beijing) Sports Development Co. Ltd. was completed. The subsidiary's banking relationships were also terminated and the repatriation of moneys was credited on 11 March 2022.

UEFA Licence

On 6 May 2022, the UEFA First Instance Licensing Committee, having examined the documentation produced by the Licence applicant in the framework of the granting process of the UEFA Licence for the 2022/2023 football season, decided to grant the Licence on the basis of the requirements provided for by the UEFA Licence Manual - Edition 2020, and as per Official Notice No. 244/A published on 9 May 2022.

Football Season

On 22 May 2022, the Serie A championship ended with Milan finishing top of the league table, guaranteeing access to the Group Stage of the 2022/2023 UEFA Champions League.

Significant Events occurring after the closure for the period UEFA Settlement Agreement

On 10 February 2022, the chairman of the First Chamber of the UEFA Club Financial Control Body ("CFCB First Chamber") opened a procedure with the Parent Company under Article 12(1) of the *Procedural rules governing the UEFA Club Financial Control Body* ("Procedural Rules") – *Edition 2021* to ascertain whether the Company complied with the *UEFA Club Licensing and Financial Fair Play Regulation – Edition 2018* ("CL&FFP"). Specifically, Parent Company AC Milan S.p.A. was notified that its deviation from the break-even requirements set forth in Articles 58 to 64 and 68 of the CL&FFP exceeded the permitted deviation.

On 31 August 2022, UEFA and the Parent Company AC Milan S.p.A. reached a settlement agreement (*the "Settlement Agreement"*) through the CFCB First Chamber. This agreement regulates the transition by the Parent Company from the break-even parameters under the CL&FFP to the new rules (taking effect beginning the 2023/2024 season) set forth in the UEFA Club Licensing and Financial Sustainability Regulations Edition 2022 ("CL&FSR"), which came into force on 1 June 2022.

The Settlement Agreement aims to govern the reporting periods (reporting periods) ending 2022, 2023, 2024 and 2025 and the following four football seasons: 2022/2023, 2023/2024, 2024/2025 and 2025/2026. The relevant provision has been recognised in accounts.

UEFA has published an excerpt of the Settlement Agreement online, pursuant to the Procedural Rules - Edition 2022, at the following address: [transitional_3-year_settlement_agreements_-_august_2022.pdf](#) ([uefa.com](https://www.uefa.com)).

It bears noting that the CFCB First Chamber also signed similar settlement agreements in August 2022 with AS Monaco (FRA), Beşiktaş JK (TUR), Juventus (ITA), Olympique de Marseille (FRA) and Paris Saint-Germain (FRA).

Out-of-court copyright claims

On 8 and 24 August 2022, the Company received out-of-court claims for alleged copyright violations. The Company responded with a defence refuting the claims. The Company nonetheless activated the indemnity obligations assumed towards it by third parties in connection with these issues. As a matter of prudence, the Company also made the relevant provision in accounts.

Change of control and appointment of new board of directors

On 31 August 2022, 218,008,094 ordinary shares in the Parent Company AC Milan S.p.A. (representing approximately 99.93% of the Parent Company's share capital) were transferred from Rossoneri Sport Investment Luxembourg to ACM Bidco B.V., a limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated under Dutch law, which has its registered office in Amsterdam (Netherlands) and is registered in the Dutch Commercial Register under number 86598244.

On the same date, those shares were pledged by ACM Bidco B.V. (as pledgor) in favour of Rossoneri Sport Investment Luxembourg S.à r.l. (as secured creditor) under a *Pledge Agreement over Shares*, which was entered into by correspondence between the parties on 31 August 2022 in their capacities mentioned *above* with the intervention of Intertrust Trustees Limited as *collateral agent*.

In addition, following the resignation of the majority of the members of the Board of Directors and the consequent dissolution of the Company's entire Board of Directors on 14 September 2022, the Company's general meeting appointed new members of the Board of Directors who will remain in office for three years, which is to say up to the general meeting that will be convened to approve the financial statements for the financial year ending 30 June 2025.

National licence

On 1 July 2022, Covisoc/FIGC, having examined the documents submitted by the company, found that the conditions required for the National Licence for the 2022/2023 professional championship had been met, in accordance with Title I) of Official Communication no. 220/A of 27 April 2022.

NOTES ON THE MAIN ASSET ITEMS

(in thousands of Euros)

FIXED ASSETS

Specific tables have been prepared for each class of fixed assets (intangible assets, tangible assets and financial fixed assets), shown in the attachments, which indicate for each item: the historical cost, the accumulated depreciation/amortisation, any write-backs and write-downs, movements during the period and the final balance.

INTANGIBLE FIXED ASSETS

This item amounts to Euro 320,066 thousand (Euro 179,314 thousand at 30 June 2021). The breakdown is as follows:

	30.06.2022	30.06.2021	Change
Concessions, licences, trademarks and similar rights	185,081	11,042	174,039
Assets in progress and advances	54	28	26
Player registration rights	127,642	159,953	-32,312
Other intangible fixed assets	7,289	8,291	-1,002
Total	320,066	179,314	140,752

The change in intangible fixed assets is shown in attachment 1, which is an integral part of these Notes.

The item Concessions, licences, trademarks and similar rights, equal to Euro 185,081 thousand (Euro 11,042 thousand at 30 June 2021), mainly refers to Euro 174,000 thousand for the revaluation of the "AC Milan" trademark under Article 110 of Decree-Law 104/2020 and Euro 9,548 thousand (Euro 9,877 thousand at 30 June 2021) for the rights to use the television archive of home matches of A.C. Milan S.p.A. ("*Milan Library*") bought by Gruppo R.A.I. and R.T.I. S.p.A. (Mediaset Group) during 2009. This archive is supposed to be self-sustaining over time depending on the matches played by the team from time to time.

This item also includes the expenses related to the development of the official website, the company software, and the "A.C. Milan Lab" software of the Parent Company A.C. Milan S.p.A. and the company Milan Entertainment S.r.l., as well as the various "A.C. Milan" brands, owned by the Group Parent A.C. Milan S.p.A., not transferred to the subsidiary Milan Entertainment S.r.l.

Player registration rights, of Euro 127,642 thousand (Euro 159,953 thousand at 30 June 2021), also include the costs of direct allocation which are amortised according to the players' contract expiry dates, taking into account any contract extensions agreed before the financial statements are approved. The main changes resulting from investments, disposals and write-downs during the period are detailed in attachment 2, which is an integral part of these Notes. The main changes for the period, as detailed in the specific table in the attachment, primarily related to new acquisitions of Euro 47,727 thousand, sales and other movements of Euro 9,476 thousand, amortisation of Euro 62,555 thousand and write-downs of Euro 8,007 thousand.

Other intangible assets, amounting to Euro 7,289 thousand (Euro 8,291 thousand on 30 June 2021), relate in particular to the following:

- Euro 5,512 thousand (Euro 6,192 thousand on 30 June 2021), being the incremental costs incurred for the San Siro Stadium in Milan, amortised according to the duration of the agreement with the Municipality of Milan;
- Euro 1,281 thousand (Euro 2,017 thousand at 30 June 2021) relating to the acquisition of a 10-year ground lease (Article 952(2) of the Civil Code) for the Vismara Training Centre, home to the Milan youth team, owned by the Opera Diocesana per la Preservazione e la Diffusione della Fedè.

In relation to intangible fixed assets, amounting to Euro 320,066 thousand at 30 June 2022, it should be noted that write-downs of Euro 8,007 thousand were included under the item Player registration rights deriving from losses from definite sales, which took place in July and August 2022.

TANGIBLE FIXED ASSETS

This item amounts to Euro 22,757 thousand (Euro 66,994 thousand at 30 June 2021). The breakdown is as follows:

	30.06.2022	30.06.2021	Change
Land and buildings	11,170	61,388	-50,218
Plant and machinery	2,457	2,630	-173
Industrial and commercial equipment	4,229	1,625	2,605
Other assets	1,399	823	576
Assets in progress and advances	3,503	228	3,274
Total	22,757	66,694	-43,937

The change in tangible fixed assets is shown in attachment 2, which is an integral part of these Notes.

Land and buildings, amounting to Euro 11,170 thousand (Euro 61,388 thousand at 30 June 2021), relates in particular to the following:

- Land adjacent to the Milanello Training Centre, of Euro 6,934 thousand (no change compared to 30 June 2021) owned by the subsidiary Milan Real Estate S.p.A.;
- Milanello Training Centre, owned by the subsidiary Milan Real Estate S.p.A. of Euro 5,254 thousand (Euro 4,055 thousand at 30 June 2021).

This reduction is mainly attributable to the sale of the "Casa Milan" property in December 2021.

Plant and machinery, of Euro 2,457 thousand (Euro 2,630 thousand on 30 June 2021) which mainly relates to facilities at the Milanello Training Centre, owned by the subsidiary Milan Real Estate S.p.A..

Industrial and commercial equipment, of Euro 4,229 thousand (Euro 1,625 thousand on 30 June 2021), mainly including Euro 3,800 thousand (Euro 1,173 thousand on 30 June 2021) of the Parent Company A.C. Milan S.p.A. and Euro 105 thousand (Euro 98 thousand at 30 June 2021) of the subsidiary Milan Entertainment S.r.l. and Euro 324 thousand (Euro 354 thousand at 31 December 2021) of the subsidiary Milan Real Estate S.p.A.. The change mainly relates to the purchase of commercial equipment by the Parent Company.

Other tangible assets, of Euro 1,399 thousand (Euro 823 thousand on 30 June 2021), which mainly includes electronic office equipment, furniture, office supplies and vehicles owned by the Milan Group.

Tangible fixed assets in progress and advances, amounting to Euro 3,503 thousand (Euro 228 thousand as at 30 June 2021), mainly refer to projects, already started but not yet completed, relating to the Milanello Training Centre of the subsidiary Milan Real Estate S.p.A.. for the construction of a new indoor sports centre for the Under 19 team of AC Milan S.p.A. and the renovation of the club house rooms.

CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL FIXED ASSETS

Equity investments

The breakdown of equity investments in subsidiaries, associates and other companies is as follows:

	30.06.2022	30.06.2021	Change
Subsidiaries	104	104	0
Associates	1,858	1,337	521
Other companies	1,000	2,000	-1,000
Total	2,962	3,441	-479

Details of the changes during the year for financial fixed assets are provided in attachment 3, which is an integral part of these Notes.

Equity investments in subsidiaries

The total for this item, of Euro 104 thousand (unchanged with respect to 30 June 2021) relates to 100% of the share capital of the non-profit Milan Foundation, which was set up in 2003 with the aim of meeting basic individual needs and freedoms, of diffusing a culture of sport as a tool for mental and physical wellbeing, social integration, improving quality of life, and to support and organise charitable projects.

Equity investments in associates

At 30 June 2022, this item amounted to Euro 1,858 thousand (Euro 1,337 at 30 June 2021) and refers to the 50% holding in the company M-I Stadio S.r.l., established with F.C. Internazionale Milano S.p.A. for the technical and commercial management of the San Siro Stadium in Milan. The change compared to the previous year derives from the revaluation of the investment carried out at 30 June 2022 to align the book value to the share pertaining to the shareholders' equity, given the positive result achieved by the associate during the year.

Shareholdings in other companies

This item amounted to Euro 1,000 thousand at 30 June 2022 (Euro 2,000 thousand at 30 June 2021) and related to the investment held in European Super League Company S.L. ("SL Company"), a company incorporated under Spanish law created to create and manage the competition called "Super League". The year-on-year change of Euro 1,000 thousand (Euro 2,000 at 30 June 2021) refers to the write-down of the investment in light of the limited information at the disposal of the Parent Company A.C. Milan S.p.A concerning the financial position of SL Company, and in view of the proceedings pending before the Commercial Court in Madrid.

For any events not described here, please refer to the relevant paragraph in "Significant events during the period".

Long-term receivables

Other receivables

This item is equal to Euro 418 thousand (Euro 490 thousand at 30 June 2021), mainly comprising security deposits.

WORKING CAPITAL**INVENTORIES**

Inventories of finished products and goods, of Euro 428 thousand (Euro 444 thousand at 30 June 2021) relates to the Milan merchandise at “Store Milan” opened by the subsidiary Milan Entertainment S.r.l. at “Casa Milan”.

RECEIVABLES

	30.06.2022	30.06.2021	Change
Trade receivables	63,753	55,514	8,239
Receivables from subsidiaries	0	0	0
Receivables from associates	1	181	-181
Receivables from parent companies	0	0	0
Receivables from companies subject to parent companies' control	0	0	0
Tax receivables	1,096	526	571
Deferred tax assets	9,809	12,075	-2,265
Other receivables	3,069	1,355	1,714
Receivables from entities – specific sector	30,730	58,823	-28,092
Total	108,459	128,474	-20,015

Trade receivables

At the end of the period this item was composed as follows:

	30.06.2022		30.06.2021		Change
	Gross	Write-down provision.	Net value	Net value	
Parent Company A.C. Milan S.p.A.	51,867	-2,152	49,715	47,959	1,756
Milan Entertainment S.r.l.	20,244	-6,365	13,880	7,207	6,673
Milan Real Estate S.p.A.	102	-89	13	38	-25
AC Milan (Beijing) Sports Development Co. Ltd.	0	0	0	23	-23
Casa Milan S.r.l.	0	0	0	0	0
AC Milan (Shanghai) Sports Development Co. Ltd.	145	0	145	286	-141
Total	72,358	-8,606	63,753	55,514	8,239

Receivables from customers included receivables from the core business of the sale of goods and services of companies in the Milan Group. The change of Euro 8,239 thousand was mainly due to the advance invoicing of corporate hospitality season tickets for the 2022/2023 season. In addition, there was an increase for the subsidiary Milan Entertainment related to the higher volumes realised by the subsidiary compared to the financial year ended 30 June 2021.

The provision for doubtful accounts shown above reflects the value adjustment to the receivables to align them to their estimated realisable value. During the year 2021/2022, the write-down provisions increased by Euro 17 thousand as a result of the prudent provision for non-payment risk, and was reduced by Euro 1,436 thousand primarily due to the collection of previously written-down receivables.

CONSOLIDATED FINANCIAL STATEMENTS

Receivables from subsidiaries, associate, parent companies and companies subject to parent companies' control

Receivables from associates, amounting to Euro 1 thousand (Euro 181 thousand at 30 June 2021), refer to trade receivables from the associated company MI-Stadio S.r.l.

Tax receivables

At end of the period this item was composed as follows:

	30.06.2022	30.06.2021	Change
Due from Treasury for tax consolidation	0	0	0
Due from Treasury for VAT	537	0	537
Regional business tax (IRAP) receivables	89	0	89
Other tax receivables	470	526	-56
Total	1,096	526	571

At 30 June 2022, the Group had VAT and IRAP credits of Euro 537 thousand and Euro 89 thousand respectively (At 30 June 2021, the Group had VAT and IRAP charges, the balances of which were therefore recorded in the balance sheet liabilities).

Deferred tax assets

The amount of Euro 9,809 thousand (Euro 12,075 thousand at 30 June 2021) relates to the recognition of deferred tax assets, mainly:

- Euro 7,071 thousand (Euro 9,246 thousand at 30 June 2021) which represents consolidation adjustments primarily concerning the reversal of operations pertaining to infra-group gains;
- Euro 2,738 thousand (Euro 2,829 thousand at 30 June 2021) on amounts allocated to the write-down provision and provision for risks, as to the part that cannot be deducted for tax purposes.

Other receivables

This item, amounting to Euro 3,069 thousand (Euro 1,355 thousand at 30 June 2021), mainly includes Euro 983 thousand (Euro 1,138 thousand at 30 June 2021) for advances paid to suppliers, professionals and employees, and Euro 1,872 thousand (not present at 30 June 2021) for the sale of season tickets for the 2022/2023 season. The relevant monies were received in the month of July.

Receivables from entities – specific sector

Net of the provision for doubtful accounts and amortised cost, this item amounts to Euro 30,730 thousand (Euro 58,823 thousand at 30 June 2021). The amount is due from various football clubs, for payments relating to the current and/or past transfer seasons, and in connection with international trips by teams taking part in the training of players sold by those clubs, in accordance with the F.I.F.A. Solidarity mechanism.

Specifically the item consists of:

- Euro 5,158 thousand (Euro 12,151 thousand at 30 June 2021) for amounts due from the Lega Nazionale Professionisti, in respect of various transfer seasons;

- Euro 6,859 thousand (Euro 13,719 thousand at 30 June 2021) for amounts due from the club Seville Futbol Club for the definitive sale of the player Jesus Joaquin Fernández Saenz de la Torre “Susó”;
- Euro 6,533 thousand (Euro 13,066 thousand at 30 June 2021) for receivables from Olympique Lyonnais for the definitive sale of the player Lucas Tolentino Coelho De Lima "Paquetà";
- Euro 1,905 thousand (not present on 30 June 2021) for amounts due from the club F.K. Dinamo Moskva for the definitive sale of the player Diego Sebastián Laxalt Suárez;
- Euro 8,576 thousand (not present on 30 June 2021) for amounts due from the club Eintracht Frankfurt Fussball AG for the temporary sale of the player Jens Petter Hauge;
- Euro 588 thousand (not present at 30 June 2021) for amounts due from the club AZ Alkmaar for the definitive sale of the player Kerkez Milos;
- Euro 64 thousand (Euro 184 thousand at 30 June 2021) for amounts due from various football clubs under the “solidarity mechanism”.

It bears noting that Euro 1,783 of the Euro 3,000 thousand originally due from Real Zaragoza S.A.D. for the sale of Ricardo De Oliveira has been covered from the provision for doubtful accounts - professional bodies. The Euro 1,047 thousand reduction in this provision relates to the receipt of that amount in August for a receivable that had previously been write-down.

CASH AND CASH EQUIVALENTS

This item consists of the funds in the restricted and ordinary current accounts, totalling Euro 42,693 thousand (Euro 23,551 thousand at 30 June 2021). It should be noted that there are no restricted amounts at the date of the consolidated financial statements.

Cash and valuables on hand amounted to Euro 34 thousand (Euro 38 thousand at 30 June 2021).

ACCRUED INCOME AND PREPAYMENTS

At end of the period this item was composed as follows:

	30.06.2022	30.06.2021	Change
Accrued income	737	0	737
Prepaid expenses:			
- prepaid insurance premiums	670	882	-212
- prepaid rentals	42	9	33
- prepaid sports fields		716	536
- Other prepayments	2,918	2,224	694
Total prepaid expenses	4,346	3,295	1,051
Total accruals and deferrals	5,083	3,295	1,788

The item Other deferrals, amounting to Euro 2,918 thousand (Euro 2,224 thousand at 30 June 2021), refers in particular for Euro 231 thousand (Euro 1,293 thousand at 30 June 2021) to prepaid invoices from clothing suppliers and Official Kit Partners, for Euro 822 thousand (Euro 406 thousand at 30 June 2021) to registered players and collaborators and for Euro 80 thousand (Euro 80 thousand at 30 June 2021) to commissions on guarantees resulting from the various player transfer campaigns pertaining to future periods. It should be noted that, as of 30 June 2022, deferred income for subscriptions amounted to Euro 456 thousand and did not exist as of 30 June 2021.

CONSOLIDATED FINANCIAL STATEMENTS

NET FINANCIAL POSITION

As a supplement to the reporting of financial payables and financial receivables in the consolidated financial statements, the Net Financial Position of the Milan Group is also provided in this section.

	30.06.2022	30.06.2021	Change
Non-current financial assets (cash collateral)	-	-	-
Financial assets other than fixed assets	□	□	-
Cash and cash equivalents	42,727	23,589	19,138
Total financial assets	42,727	23,589	19,138
Bonds	□	□	-
Payables to shareholders for loans	□	□	-
Financial payables	-4,190	-41,375	37,185
Payables to other financial institutions	-66,924	-83,843	16,919
Total financial liabilities	-71,114	-125,218	54,103
Net financial position	-28,387	-101,629	73,241

A breakdown of changes in the individual items making up the net financial position is provided in the specific sections of these Notes.

NOTES ON MAIN SHAREHOLDERS' EQUITY AND LIABILITY ITEMS

(in thousands of Euros)

SHAREHOLDERS' EQUITY

The changes in the items of Shareholders' Equity are provided in attachment 4. Comments are provided on those changes below.

SHARE CAPITAL

The Share capital of the Parent Company A.C. Milan S.p.A. at 30 June 2022, amounting to Euro 113,443,200, which was fully subscribed and paid up, consisted of 218,160,000 ordinary shares with a nominal value of Euro 0.52 each.

SHARE PREMIUM RESERVE

At 30 June 2022, the Share premium reserve amounted to Euro 31,020,000 (unchanged compared to 30 June 2021) and relates to the premium paid to cover 170,160,000 shares.

REVALUATION RESERVE

On 30 June 2022, a revaluation reserve of Euro 125,454 thousand was recognised in the Group Parent under Decree-Law 104/2020 (surplus fund) following the revaluation of the "AC Milan" trademark as permitted by Article 110 of Decree-Law 104/2020, converted into law by Law No. 126 of 13 October 2020, as amended.

LEGAL RESERVE

The Legal reserve amounts to Euro 124 thousand (no change compared to 30 June 2021) and is the same as the amount indicated by the Parent Company A.C. Milan S.p.A.

OTHER RESERVES

The item Other reserves, which is positive at Euro 5,028 thousand (- Euro 36,311 thousand at 30 June 2021) includes the capital contributions and/or payments to cover losses already made, and the effects of the consolidation adjustments. The change compared to 30 June 2021 is mainly due to the Parent Company A.C. Milan S.p.A. following the use of reserves to partly cover the loss arising from the previous consolidated financial statements for Euro 96,416 thousand, as well as for capital injections made by the previous majority shareholder Rossoneri Sport Investment Luxembourg S.à r.l. for a total of Euro 5,000 thousand.

PROFIT (LOSS) CARRIED FORWARD

At 30 June 2022, this item amounted to a loss of Euro 77,302 (a profit of Euro 17,188 thousand at 30 June 2021) and includes the effects of changes arising from the first-time adoption of the new OIC accounting standards, as well as a Euro 60,114 thousand remainder in prior year losses not covered by the majority shareholder by means of capital contributions and/or injections.

PROFIT (LOSS) FOR THE PERIOD

During the 2021/2022 financial year, the result of the Milan Group shows a loss for the period of Euro 66,537 thousand (the consolidated loss for the year ending 30 June 2021 was Euro 96,416 thousand).

PROVISIONS FOR RISKS AND CHARGES

Provisions estimated on the basis of specific losses that are certain or likely are detailed below.

CONSOLIDATED FINANCIAL STATEMENTS

	Balance at 01.07.2021	Allocations	(Uses)	Other changes	Balance at 30.06.2022
Provision for deferred tax liabilities	0	0	0	48,550	48,550
Other provisions for risks and charges	18,667	7,893	-2,953	376	23,983
Total	18,667	7,893	-2,953	48,926	72,533

Provision for deferred tax liabilities

On 30 June 2022, following the application of the revaluation permitted by Article 110 of Decree-Law 104/2020, converted into law by Law No. 126 of 13 October 2020, as amended, the "AC Milan" trademark of the Parent Company A.C. Milan S.p.A was recognised as an intangible fixed asset and the deferred tax provision calculated based on the brand's value was recognised for a value of Euro 174 million.

Other provisions for risks and charges

At 30 June 2022 this item amounted to Euro 23,983 thousand (Euro 18,667 thousand at 30 June 2021) and referred to the allocation of future costs for the restructuring of registered players and non-registered personnel; the out-of-court copyright claims received by the party on 8 and 24 August 2022, to which it has issued a defending statement and called on the indemnity obligations of third parties towards the Parent Company A.C. Milan S.p.A; and the risks deemed probable in relation to the Company's business.

The utilisations for the period refer to transactions concluded with sports personnel whose employment contracts were terminated early during the previous season.

EMPLOYEE LEAVING ENTITLEMENTS

This item has moved as described in the table below and the balance is fully sufficient to cover contractual and legal obligations

	EMPLOYEE LEAVING ENTITLEMENTS	End of career entitlements	Total
Balance at 01.07.2021	1,715	52	1,767
Provisions	1,630	535	1,095
Uses for employment terminations/prepayments	-97	0	-97
Transfers	0	0	0
Payments	0	-642	642
Other changes	-1219	107	-1326
Balance at 30.06.2022	2,029	52	2,081

The item Provisions includes revaluation of the pre-existing amount calculated in accordance with legal requirements and the "white semester" amount which represents (solely for the year 2007) the employee leaving entitlements accrued from 1 January 2007 up to the date of selection of allocation to the company supplementary pension fund (closed) or a contractual pension fund (open) or individual pension plan (IPP).

PAYABLES

	30.06.2022	30.06.2021	Change
Bonds	0	0	0
Payables to shareholders for loans	0	0	0
Financial payables	4,190	41,375	-37,185
Payables to other financial institutions	66,924	83,843	-16,919
Trade payables	61,912	52,741	9,171
Advances	0	0	0
Payables to subsidiaries	0	0	0
Payables to associates	2,348	2,731	-383
Payables to parent companies	0	0	0
Payables to companies subject to parent companies' control	0	0	0
Tax payables	28,581	19,200	9,381
Payables to pension funds and social security agencies	6,373	3,829	2,544
Payables to third parties	23,613	22,346	1,267
Payables to entities – specific sector	50,538	59,496	-8,958
Total	244,480	285,561	-41,081

Payables due beyond the next financial year amounted to Euro 41,044 thousand; There were no payables with a remaining duration of more than five years.

Financial payables

The balance of Euro 4,190 thousand (Euro 41,375 thousand at 30 June 2021) refers entirely to the residual bank loan granted by Unicredit S.p.A., falling due in August 2022, for the prior year transaction to acquire the Casa Milan property located in Via Aldo Rossi No. 8.

In December 2021 Casa Milan S.r.l. made an advance repayment of Euro 37,710 thousand, plus the interest expense accrued as at the date of the transaction, after it received monies relating to the sale of the property. In doing so, Casa Milan S.r.l. paid off the debt falling due in August 2022.

Payables to other financial institutions

This amount, of Euro 66,924 thousand (Euro 83,843 thousand at 30 June 2021) relates to amounts payable to factoring companies for advances on future accounts receivable as follows:

- Euro 40,250 thousand (Euro 38,216 thousand at 30 June 2021) to a factoring contract signed with UniCredit Factoring S.p.A. concerning the sale with recourse to UniCredit Factoring S.p.A. of receivables accrued/matured deriving from the marketing of broadcasting rights of the Serie A championship for three football seasons and of the Official Kit Partner Puma;
- Euro 13,455 thousand (Euro 45,627 thousand at 30 June 2021) to a factoring contract signed with Banca Ifis S.p.A. concerning the sale with recourse of receivables accrued/matured deriving from foreign transfer campaigns.
- Euro 13,219 thousand (not present at 30 June 2021) to a factoring contract signed with Factorit, which provides for the possibility for the Parent Company A.C. Milan S.p.A. to request, within the limits of the agreed limit, the payment of debts maturing by the factoring institution, in the name and on behalf of the Parent Company A.C. Milan S.p.A, with repayment of the amounts over time.

CONSOLIDATED FINANCIAL STATEMENTS

Trade payables

These are broken down in the table below:

	30.06.2022	30.06.2021	Change
Parent Company A.C. Milan S.p.A.	50,253	47,529	2,724
Milan Entertainment S.r.l.	8,751	3,250	5,525
Milan Real Estate S.p.A.	2,845	1,847	1,022
AC Milan (Beijing) Sports Development Co. Ltd.	0	92	-92
Casa Milan S.r.l.	11	24	-13
AC Milan (Shanghai) Sports Development Co. Ltd.	52	-	52
Total	61,912	52,741	9,218

The item Trade payables of the Parent Company includes payables to football agents for a total of Euro 6,953 thousand (Euro 6,908 thousand at 30 June 2021), of which Euro 1,675 thousand maturing after the following year.

Payables to subsidiaries, associates and parent companies

Payables to associates, equal to Euro 2,348 thousand (Euro 2,731 thousand at 30 June 2021) relate to the company M-I Stadio S.r.l. for the coverage of operating costs for the management of the San Siro Stadium in Milan, under an agreement in place between A.C. Milan S.p.A., F.C. Internazionale Milano S.p.A. and M-I Stadio S.r.l., which provides for an annual fee in favour of the concessionaires of Euro 9,100 thousand (plus any adjustments).

Tax payables

	30.06.2022	30.06.2021	Change
Payables for current taxes	904	844	60
Payable to Treasury for VAT	0	603	-603
Payables withholding tax on income from work	27,673	17,571	10,102
Other tax payables and withholdings	4	183	-178
Total	28,581	19,200	9,381

Payables on withholdings on income from work related to the withholdings made on registered players, employees and freelance workers. The Parent Company AC Milan S.p.A. utilised the suspension of contributions and social security payments due in April-June 2020 pursuant to Decree Law 34/2020 and the suspension of payments due in January-February 2021 pursuant to Article 1, paragraphs 36 and 37 of the 2021 Finance Act. The aforesaid payments resumed from 16 September 2020 and from May 2021 according to the instalment plan granted by Decree Law 104/2020 (so-called August Decree). In addition, withholding taxes for the months of December 2021 and January/March 2022 were not paid for registered players in accordance with paragraphs 923 and 924 of Article 1 of Law No. 234/2021 (Budget Law 2022). However, these payments resumed from 26 May 2022.

Payables to pension funds and social security agencies

The amount of this item was broken down as follows:

	30.06.2022	30.06.2021	Change
Payables to I.N.P.S.	6,355	3,712	2,643
Payables/(Receivables) to/from other pension institutions		19	-99
Total	6,373	3,829	2,544

This item also includes the payables for contributions to supplementary pension funds and/or to the Treasury Fund at the INPS. The changes were in line with the trend in the cost of labour. The change from the previous year is related to the use in the previous year of the suspension of contributions and social security payments due in April-June 2020 pursuant to Decree Law 34/2020 and the suspension of payments due in January-February 2021 pursuant to Article 1, paragraphs 36 and 37 of the 2021 Finance Act. The aforesaid payments resumed from 16 September 2020 and from May 2021 according to the instalment plan granted by Decree Law 104/2020 (so-called August Decree). In addition, contributions and social security payments for the months of December 2021 and January/March 2022 were not paid for registered players in accordance with paragraphs 923 and 924 of Article 1 of Law No. 234/2021 (Budget Law 2022). However, these payments resumed from 26 May 2022.

Other payables

These consisted of the following:

	30.06.2022	30.06.2021	Change
Payables to registered players and employees	19,359	19,287	72
Payables to directors, statutory auditors and the Supervisory Body.	94	90	4
Other payables	4,160	2,969	1,191
Total	23,613	22,346	1,267

Payables to registered players and employees relate in particular to the additional month salaries and bonuses to registered players, which will be duly paid on the established deadlines.

The item Other Payables refers mainly to payables for holidays, reduced working hours and additional monthly payments.

Payables to entities – specific sector

These amount, net of the amortised cost, to Euro 50,538 thousand (Euro 59,496 thousand at 30 June 2021) and are composed of payables to the Lega Nazionale Professionisti and payables to foreign and national football clubs.

Payables to the Lega Nazionale Professionisti, of Euro 10,375 thousand (Euro 6,967 thousand of 30 June 2021) are the balance of the 2022/2023 transfer campaign.

Payables to foreign and Italian football clubs, amounting to Euro 40,163 thousand (Euro 52,529 thousand at 30 June 2021), net of amortised cost adjustments of Euro 401 thousand, related to:

- Euro 21,659 thousand (Euro 28,969 thousand at 30 June 2021) for the payable to Chelsea Football Club for the definitive purchase of the player Tomori Oluwafikayomi;
- Euro 8,359 thousand (Euro 12,785 thousand at 30 June 2021) for the payable to Lille Olympique Sporting Club for the definitive purchase of the player Mike Petterson Maignan;
- Euro 3,414 thousand (not present at 30 June 2021) for the payable to Football Club des Girondins de Bordeaux for the definitive purchase of the player Yacine Adli;
- Euro 2,000 thousand (not present at 30 June 2021) for the payable to FK Crvena Zvezda for the definitive purchase of the player Marko Lazetic;
- Euro 2,352 thousand (not present at 30 June 2021) for the payable to AS Monaco Football Club for the definitive purchase of the player Fodé Ballo-Touré;
- Euro 732 thousand (not present at 30 June 2021) for the payable to Chelsea Football Club for the temporary purchase of the player Tiémoué Bakayoko;
- Euro 676 thousand (Euro 1,352 thousand at 30 June 2021) for the payable to Liverpool F.C. for the sell-on-fee related to the player Jesus Joaquin Fernández Saez de la Torre "Suso";
- Euro 330 thousand (not present at 30 June 2021) for the payable to FK Bodo/Glimt for the sell-on fee for the player Hauge Jens Petter;
- Euro 250 thousand (not present on 30 June 2021) for the payable to Real Madrid Club de Futbol for exercising the purchase option on the player Brahim Diaz;
- Euro 25 thousand (not present at 30 June 2021) for the payable to ETO F.C. Győr for the sell-on fee related to the player Milos Kerkez;
- Euro 25 thousand (not present at 30 June 2021) to the payable to Cork City FC for the definitive purchase of the player Andrews Cathal;
- Euro 738 thousand (Euro 884 thousand at 30 June 2021) for the payable to various clubs for the fees payable in connection with international transfers to the teams who contributed to the players' training, in accordance with the FIFA solidarity mechanism. Specifically, it mainly comes from the purchase of players Mike Petterson Maignan, Oluwafikayomi Oluwadamilola Tomori., Fodé Ballo-Touré and Tiémoué Bakayoko.

ACCRUED EXPENSES AND DEFERRED INCOME

At end of the period this item was composed as follows:

	30.06.2022	30.06.2021	Change
Accrued expenses	275	46	229
Deferred income:			
deferred broadcasting rights	0	10,454	-10,454
deferred season tickets	14,629	0	14,629
Other prepayments	37,670	21,951	15,719
Total deferred income	52,300	32,404	19,895
Total accruals and deferrals	52,575	32,450	20,124

The item Deferred income, equal to Euro 52,300 thousand (Euro 32,404 thousand on 30 June 2021) includes:

- Euro 9,450 thousand (Euro 9,774 thousand at 30 June 2021) relating to royalties from rights to use images of Milan's home games in specific seasons ("*Milan Library*");
- Euro 22,643 thousand (Euro 7,185 thousand at 30 June 2021) relating to advance invoicing for promotional and advertising rights on commercial contracts valid for the period from 1 July 2022 to 30 June 2023;
- Euro 14,629 thousand (not present at 30 June 2021) relating to advance invoicing for season ticket sales valid for the 2022/2023 Serie A season.
- Euro 1,716 thousand (Euro 1,253 thousand at 30 June 2021) relating to advance invoicing for royalties contracts valid for the period from 1 July 2022 to 30 June 2023;
- Euro 2,625 thousand (Euro 2,848 thousand at 30 June 2021) relating to advance invoicing for sponsorships;
- Euro 484 thousand (Euro 410 thousand on 30 June 2021) relating to advance invoicing for football academy contracts in Italy and abroad.

COMMITMENTS, RISKS AND POTENTIAL LIABILITIES

COMMITMENTS AND GUARANTEES

Bank guarantees, endorsements and other personal guarantees

These are guarantees issued by banks and/or insurers, totalling Euro 12,454 thousand (Euro 8,502 thousand at 30 June 2021), mainly in favour of:

- Lega Calcio, for the transfer season, for Euro 5,376 thousand (Euro 3,924 thousand at 30 June 2021);
- The Municipality of Milan, for the use of the San Siro Stadium, for Euro 2,349 thousand (unchanged compared to 30 June 2021);
- The Italian Revenue Agency (Agenzia delle Entrate) for Euro 1,497 thousand (Euro 2,097 thousand at 30 June 2021) for a VAT receivable relative to the 2018 VAT return - 2017 tax period, requested as a reimbursement;
- Ministry for Economic Development, for Euro 32 thousand (unchanged compared to 30 June 2021), for prize contests related to the "MILAN120" and "Derby Together" initiatives;
- Fabbrica Immobiliare SGR S.p.A., for Euro 3,200 thousand (not present at 30 June 2021) for the lease on the "Casa Milan" property.

NOTES ON THE MAIN ITEMS OF THE INCOME STATEMENT

(in thousands of Euros)

Introduction

Before analysing the individual items, we remind you that the comments on the general changes in costs and revenues are provided in the Report on Operations, as required by Article 2428 paragraph 1 civil code. We also remind you that the income statement items have been classified according to the financial statement structure established for professional football clubs, in compliance with the provisions of the Italian football Federation Official Notice no. 58, published on 5 September 2006.

VALUE OF PRODUCTION

The total value of production in the 2021/2022 financial year amounted to Euro 297,592 thousand (Euro 261,092 thousand in the 2020/2021 financial year). The breakdown of this item is shown below.

Revenues from sales and services. The item was composed as follows:

	FY 2021/2022	FY 2020/2021	Change
Match revenues	32,309	0	32,309
Season tickets	0	0	0
Revenues from other competitions	235	0	235
Total	32,544	0	32,544

This change, and the consequent increase in revenues from sales and services, is due to the reopening of stadiums and the possibility of playing home fixtures in the league and European competition in front of a crowd after the Italian Government rolled back its Covid-19 restrictions.

Other revenues and income

This income consisted of:

	FY 2021/2022	FY 2020/2021	Change
Contributions from other bodies	173	0	173
Sponsorship revenues	57,799	53,991	3,808
Commercial revenues and royalties	25,070	11,237	13,834
Income from the sale of broadcasting rights	133,075	138,261	-5,186
miscellaneous income	7,512	8,975	-1,463
Revenues from player loans	1,661	63	1,598

Gains from the sale			
of player registration rights	5,570	20,185	-14,615
Other income from player management	3,227	8,133	-4,906
Other income and revenues	31,015	20,097	10,918
Total	265,103	260,941	4,161

Sponsorship revenues, of Euro 57,799 thousand (Euro 53,991 thousand in the 2020/2021 financial year) mainly relate to the following:

- Euro 15,000 thousand (Euro 14,200 thousand in the 2020/2021 financial year) in fees paid by the Official Sponsor Emirates;
- Euro 15,541 thousand (Euro 13,108 thousand in the 2020/2021 financial year) in fees paid by the Official Kit Partner Puma International Sports Marketing B.V. for the purchase of the right to place their branding on the club's official kit;
- Euro 26,811 thousand (Euro 26,026 thousand in the 2020/2021 financial year) in revenues from the sale of multi-product advertising packages to commercial partners, notably Socios Service L.t.d., Banco B.P.M. S.p.A., Electronic Arts Inc., Royal Forex L.t.d., Skrill L.t.d., Snaitech S.p.A., Star Casinò Media and Entertainment L.t.d., Tianyu Technology Inc., Trenitalia S.p.A., Goat&Partners L.t.d., HDR Global Trading L.t.d., ISG Sport Group L.t.d. e We-Fox Italy S.r.l. The increase of Euro 14,899 thousand compared to the 2020/2021 financial year is due to the agreement of new contracts with primary commercial partners for the 2021/2022 and following seasons;
- Euro 447 thousand (Euro 657 thousand in the 2020/2021 financial year) in payments from contracts with the corporate sponsors, official and technical suppliers, and commercial partners under which the club allows sponsors to use the titles of "Official Supplier", "Official Partner" and "Institutional Sponsor" for advertising and publicity.

Income from trading and royalties, amounting to Euro 25,070 thousand (Euro 11,237 thousand in the 2020/2021 financial year), mainly refer to revenues from merchandising and licensing activities and in particular to the contract with Puma International Sports Marketing B.V. and licensing contracts with Balocco S.p.A., Euro Publishing S.r.l., Seven S.p.A., Sicem S.p.A., Hermet S.r.l., Sorare S.a.s., 3R Sport S.r.l., Stilscreen S.r.l., The Reputation Exchange P.L.C. ed E.P.I. S.r.l.

Income from the sale of broadcasting rights, of Euro 133,075 thousand (Euro 138,261 thousand in the 2020/2021 financial year), pertaining to the Parent Company A.C. Milan S.p.A., relates to:

- Euro 88,804 thousand (Euro 121,857 thousand in the 2020/2021 financial year) from the centralised licence of audiovisual rights for the 2021/2022 season of various packages assigned to *broadcasters*, including in particular Sky Italia S.r.l., RAI IMG Media and Perform Investment Ltd (Dazn). The negative change is mainly related to the fact that some matches of the previous year's 2020/2021 Serie A Championship were played in July and August 2020 following the postponement in the conclusion of the competition due to Covid that led, therefore, to the playing of a lower number of matches compared to the previous year;
- Euro 44,272 thousand (Euro 16,404 thousand in the 2020/2021 financial year) relating to the amount paid to the Company as a result of the trading and utilisation of television and radio broadcasting rights for participation in the 2021/2022 UEFA Champions League. The increase is due to the prior season's participation in the UEFA Europa League, in which lower income was recognised.

The item Miscellaneous income, equal to Euro 7,512 thousand (Euro 8,975 thousand in the 2020/2021 financial year), includes Euro 6,422 thousand (Euro 8,714 thousand in the 2020/2021 financial year) for the fees resulting from granting rights to use images of the A.C. Milan home matches for specific football seasons (the "*Milan Library*").

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Revenues from player loans, amounting to Euro 1,660 thousand (Euro 63 thousand in the 2020/2021 financial year), relate to the following players loaned out by the Club:

Player	Selling club	Amount
Jens Hauge	Eintracht Frankfurt Fußball	1,636
Alessandro Sala	A.C. Renate	12
Luis Capanni	U.S. Viterbese	12
Total		1,660

Gains from the sale of player registration rights, realised in the year 2021/2022, are listed below with details of the name of the player and the selling club:

Player	Selling club	Net carrying amount (*)	Sale amount	Gain
Jens Hauge	Eintracht Frankfurt Fußball	3,054	7,500	4,810
Milos Kerkez	AZ Alkmaar	420	1,175	755
Gregorio Domante	Como 1907	-	5	5
Gains				5,570

(*) Net of the effect of the implementation of the "amortised cost" method as provided for by Article 2426, paragraph 1, no. 8 of the Italian Civil Code.

Other income from player management, of Euro 3,227 thousand (Euro 8,133 thousand in the 2020/2021 financial year) relates to:

- Euro 600 thousand (not present in the 2021/2022 financial year) as a non-redemption bonus from Crotona Calcio for the player Walter Messias Junior;
- Euro 127 thousand (not present in the 2021/2022 financial year) as a solidarity payment from RB Leipzig for the player André Valente Da Silva;
- Euro 56 thousand (not present in the 2021/2022 financial year) from Empoli Calcio the player Patrik Cutrone;
- Euro 1,000 thousand (Euro 1,000 thousand in the 2021/2022 financial year) to the variable consideration paid by Atalanta B.C. for the achievement of the contractually envisaged targets by the player Matteo Pessina;
- Euro 700 thousand (not present in the 2020/2021 financial year) to the variable consideration paid by Eintracht Frankfurt for the achievement of the contractually envisaged target by the player Hauge Jens Petter;
- Euro 735 thousand (Euro 490 thousand in the 2020/2021 financial year) to the variable consideration paid by Sevilla Futbol Club for the player Jesús Joaquín Fernández Sáenz de la Torre "Suso" reaching the contractual target;
- Euro 9 thousand (Euro 378 thousand in the 2020/2021 financial year) for the solidarity contribution paid by various clubs for the transfer of certain players who played for Milan aged between 12 and 23.

The item "**Other income and revenues**", amounting to Euro 31,015 thousand (Euro 20,097 thousand in the 2020/2021 financial year), mainly included Euro 17,756 thousand (not present in the previous financial year) as the gain on disposal of fixed assets from the sale of the "Casa Milan" property; Euro 2,953 thousand (Euro 14,735 thousand in the 2020/2021 financial year) for the utilisation, for various reasons, of the provision for future charges accrued in previous years' financial statements; and Euro 8,203 thousand (Euro 3,123 thousand in the 2020/2021 financial year) for contingent assets and other residual revenues and income. This item also includes Euro 725 thousand (unchanged with respect to the 2020/2021 financial year) in fees arising from the invoicing to the associated company M-I Stadio S.r.l. for the use of some indoor and outdoor spaces of the San Siro Stadium in Milan, Euro 819 thousand (Euro 501 thousand in the 2020/2021 financial year) for insurance reimbursements resulting from injuries suffered by A.C. Milan first team players and Euro 537 thousand (Euro 305 thousand in the 2020/2021 financial year) of income for sundry recharges.

COSTS OF PRODUCTION

Costs of production in the 2021/2022 financial year amounted to Euro 352,572 thousand (Euro 347,415 thousand in the 2020/2021 financial year). The breakdown of this item is shown below.

Costs for the purchase of consumables and goods

Costs for the purchase of consumables and goods, amounting to Euro 7,705 thousand (Euro 4,951 thousand in the first half of the 2020/2021 financial year), essentially relate to costs incurred by the Parent Company A.C. Milan S.p.A. and the subsidiary Milan Entertainment S.r.l. for the purchase of sports clothing for training, the official kits provided by the Official Kit Partner, medicinal expenses and purchase costs for products for resale at the new "Milan Store" opened in "Casa Milan".

Cost for services

Were broken down as follows:

	FY 2021/2022	FY 2020/2021	Change
General costs for sporting activities	23,133	23,049	83
Consultancies and collaborations	7,185	5,239	1,945
Advertising and promotion	2,797	1,302	1,495
Insurance	655	555	100
Fees to company bodies	4,033	3,633	399
Administrative and general expenses	6,692	5,093	1,599
Canteen and catering services	1,116	944	172
Maintenance and repair	2,155	2,007	148
Transport, storage and travel expenses	829	503	326
Other costs for services	9,144	8,693	451
Total	57,737	51,019	6,718

General costs for sporting activities included the expenses incurred primarily by the Parent Company A.C. Milan S.p.A. and the subsidiary Milan Entertainment S.r.l., of which:

- Euro 12,167 thousand (Euro 11,604 thousand in the 2020/2021 financial year) mainly composed of consultancy and technical-sports collaborations for Euro 6,860 thousand (Euro 5,517 thousand in the 2020/2021 financial year), sports agent and auxiliary costs for the Transfer Campaign for Euro 3,376 thousand (Euro 4,458 thousand in the 2020/2021 financial year), the reduction of which is mainly related to the effects of the 2020/2021 Transfer Campaign, and by costs for monitoring players for Euro 1,931 thousand (Euro 1,637 thousand in the 2020/2021 financial year).

CONSOLIDATED FINANCIAL STATEMENTS

- Euro 3,992 thousand (Euro 5,001 thousand in the 2020/2021 financial year), relate to the expenses incurred for health and schooling assistance and for training and camp sessions of the first team and the youth sector.
- Euro 1,823 thousand (Euro 1,566 thousand in the 2020/2021 financial year) for remuneration to medical and healthcare personnel and other related expenses;
- Euro 2,621 thousand (Euro 2,475 thousand in the 2020/2021 financial year) for expenses incurred for away games of the first team and the minor teams;
- Euro 2,516 thousand (Euro 2,403 thousand in the 2020/2021 financial year), relates to the premiums paid to insure the players of the first team and youth sector, and have increased as a result of further insurance items being included in the cover.

Consultancies and collaborations, of Euro 7,185 thousand (Euro 5,239 thousand in the 2020/2021 financial year) includes the amounts payable for legal and notarial fees, administration, fiscal and management, commercial, communications, technical and other costs, and commission paid to third parties.

Advertising expenses, which amounted to Euro 2,797 thousand (Euro 1,302 thousand in the 2020/2021 financial year), mainly included posters and other advertising expenses.

Emoluments to company bodies, of Euro 4,033 thousand (Euro 3,633 thousand in the 2020/2021 financial year), includes fees payable to the directors, the statutory auditors and the Supervisory Control Body for their services to the Milan Group.

Administrative, general expenses and utilities, amounting to Euro 6,692 thousand (Euro 5,093 thousand in the 2020/2021 financial year), consists of the costs incurred by the Milan Group primarily for insurance and information technology services, for utilities, and for surveillance and cleaning costs.

Other costs for services, amounting to Euro 9,144 thousand (Euro 8,693 thousand in the 2020/2021 financial year), mainly consisted of:

- Euro 4,550 thousand (unchanged with respect to the 2020/2021 financial year) relates to the costs of providing technical and maintenance services at the San Siro stadium, commercial and administration services charged by M-I Stadio S.r.l., under a specific agreement;
- Euro 1,283 thousand (Euro 1,726 thousand in the 2020/2021 financial year), for the costs of audiovisual production and distribution for the Serie A Championship and 2021/2022 edition of the Tim Cup, charged by Lega Nazionale Professionisti Serie A;
- Euro 2,403 thousand (Euro 1,763 thousand in the 2020/2021 financial year) for production costs of content and the distribution of the signal related to Milan TV thematic channel, which increased due to the in-housing of production activities for Serie A matches and the related integrations required by national and international broadcasters.

Cost of services and use of leased assets

The item was composed as follows:

	FY 2021/2022	FY 2020/2021	Change
Rental expenses	7,359	6,552	807
Rentals and other hires	3,025	2,129	896
Total	10,384	8,681	1,703

Rental expenses, amounting to Euro 7,359 thousand (Euro 6,552 thousand in the 2020/2021 financial year), consisted of:

Euro 4,758 thousand (Euro 4,000 thousand in the 2020/2021 financial year) in costs resulting from the use of the San Siro Stadium in Milan under the agreement reached with the Municipality of Milan involving the joint management of the stadium together with F.C. Internazionale Milano S.p.A. from 1 July 2000 up to 30 June 2030, of which Euro 2,222 thousand (Euro 1,371 thousand in the 2020/2021 financial year) will be subsequently deducted from the rental payments upon completion of the modernisation work carried out each year on the San Siro Stadium in Milan;

- Euro 2,594 thousand (Euro 2,552 thousand in the 2020/2021 financial year) in costs for property leases and ancillary services that the subsidiary Milan Real Estate S.p.A. makes available to the players and certain employees of the Milan Group;

Rentals and other hires, of Euro 3,025 thousand (Euro 2,129 thousand in the 2020/2021 financial year), refer mainly to the leasing of vehicles and equipment for corporate use.

Personnel costs

Personnel costs were broken down as follows:

	FY 2021/2022			FY 2020/2021		
	Registered players	Other employees	Total	Registered players	Other employees	Total
Wages and salaries	143,364	16,234	159,598	136,357	23,952	160,309
Social security charges	3,832	4,291	8,123	3,831	3,484	7,315
End of career entitlements/Employee leaving entitlements	878	1,288	2,166	839	897	1,736
Other costs	367		367	107	221	328
Total	148,441	21,813	170,254	141,133	28,554	169,687

Details of the average numbers of personnel (both registered and employees) employed by the Milan Group in 2021/2022 are provided below:

	FY 2021/2022	FY 2020/2021	Change
Players	55	59	-4
Team managers/other technicians	167	168	-1
Directors	18	16	2
Journalists	7	7	0
Office workers and middle managers	167	158	9
Workers	3	3	0
Total	417	411	6

Amortisation, depreciation and write-downs

	FY 2021/2022	FY 2020/2021	Change
Amortisation of Intangible fixed assets	65,997	74,074	-8,077
Depreciation of tangible fixed assets	2,347	1,666	681
other write-downs of fixed assets	8,007	1,864	6,143
Write-down of receivables included in working capital and in cash and cash equivalents	17	3,545	-3,528
Total	76,368	81,149	-4,781

CONSOLIDATED FINANCIAL STATEMENTS

The details of the amortisation and depreciation of the intangible and tangible fixed assets are provided in the attached statements of changes.

The item Other write-downs of fixed assets, equal to Euro 8,007 thousand (Euro 1,864 thousand in the 2020/2021 financial year), relates to the write-down of the Player registration rights of some players, due to the effect of losses of some players in August 2022.

The item Write-down of receivables included in working capital and in cash and cash equivalents, amounting to Euro 17 thousand (Euro 3,545 thousand in the 2020/2021 financial year), refers to the allocation made to the provision for doubtful trade receivables.

Provisions for risks

This item amounted to Euro 7,893 thousand (Euro 8,352 thousand in the 2020/2021 financial year) and includes, among others, the provision for future expenses related to sports and non-sporting personnel and the matter of the out-of-court copyright claims made to the Parent Company A.C. Milan S.p.A.

Sundry management expenses

Sundry management expenses consisted of:

	FY 2021/2022	FY 2020/2021	Change
Various match organisation expenses	6,275	1,024	5,251
Match registration costs	20	3	17
Costs for acquisition of player services on loan	7,443	11,821	-4,378
Losses from the sale of multi-year player registration rights	2,456	2,224	232
other expenses from player management	500	2,140	-1,640
Other management expenses	5,539	6,363	-825
Total	22,231	23,575	-1,344

Other match organisation costs, of Euro 6,275 thousand (Euro 1,024 thousand in the first half of the 2020/2021 financial year), mainly relate to the costs of managing the corporate seating, Sky Boxes and Sky Lounges, and the stewarding, ticketing and customer services at San Siro during home matches for the season 2021/2022. This increase is substantially due to the commencement of sports events and the consequent reopening of stadiums and the possibility of playing home league and European fixtures after the Italian Government rolled back its Covid-19 restrictions.

Costs for acquisition of player services on loan, amounting to Euro 7,443 thousand (Euro 11,821 thousand in the 2020/2021 financial year), refer to the following players purchased by the club:

Player	Selling club	Amount
Abdelkader Diaz	Real Madrid	1,747
Pietro Pellegrini	AS Monaco FC	493
Tiémoué Bakayoko	Chelsea FC	666
Cathal Sean Andrews	Cork City FC	10
Alessandro Florenzi	AS Roma	1,870
Simone Di Maggio	Alcione Milano SSD	15
Walter Messias Junior	F.C. Crotone	2,600
Daniele Eberini	Cimiano Calcio SSD	12
Simone Batistini	ASD Gruppo Sportivo Villa	10
Victor Eletu	Cedratense Calcio 1985	10
Amaral Castilho	A.C.D. Sedriano	10
Total		7,443

Losses from the sale of multi-year player registration rights, equal to Euro 2,456 thousand (Euro 2,224 thousand in the 2020/2021 financial year), realised during the 2020/2021 financial year, concern the following players.

Player	Selling club	Net book value	Sale amount	Capital loss
Andrea Conti	US Sampdoria	2,420	—	-2,420
Riad Tahar	termination	6	—	-6
Alessandro Sala	Pro Sesto	30	—	-30
Total		2,456	—	-2,456

Other management expenses, amounting to Euro 5,539 thousand (Euro 6,363 thousand in the 2020/2021 financial year) include the contributions to the Lega Nazionale Professionisti and other entities, fines and other penalties for matches, charitable donations, contingent liabilities, and other indirect tax expenses, as well as recharges made to players and third parties for the amounts due.

FINANCIAL INCOME AND (EXPENSES)

Financial income and expenses show expenses of Euro 4,599 thousand (expenses of Euro 3,257 thousand in the 2020/2021 financial year) and were broken down as follows.

	FY 2021/2022	FY 2020/2021	Change
Bank interest income	0	2	-2
Interest on other receivables	23	1,411	-1,388
Total financial income	23	1,413	-1,390
Interest payable on bonds	0	0	0
Bank interest expenses	0	0	0
Interest expense on other debt	-2,597	-3,270	674
Interest payable to parent companies	0	0	0
Interest expense on other debt	-24	-88	63
Other interest and financial charges	-1,879	-1,315	-565
Total financial expenses	-4,501	-4,673	172
Exchange rate gains	2	13	-11
Exchange rate losses	-124	-10	-114
Total exchange rate gains (losses)	-122	3	-125
Total	-4,599	-3,257	-1,342

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The item Interest on other receivables includes the positive effect of Euro 24 thousand (Euro 282 thousand in the 2020/2021 financial year), from the adoption of the amortised cost criterion on receivables from the player transfer campaign.

The item Other interest and financial charges includes Euro 638 thousand (Euro 927 thousand in the 2020/2021 financial year) being the commission payable on guarantees issued by banks and/or insurers, mainly used as partial coverage for the player transfer season, and Euro 2,189 thousand (Euro 2,990 thousand in the 2020/2021 financial year) in commissions on the sale of factoring assets.

VALUE ADJUSTMENTS OF FINANCIAL ASSETS

Write-backs

The amount of Euro 521 thousand refers to the revaluation to align the book value of the investment in the associate M-I Stadio S.r.l. to the corresponding portion of the company's shareholders' equity resulting from the financial statements at 30 June 2022.

Write-downs

Euro 1 million refers to the write-down of the investment in SL Company.

INCOME TAXES FOR THE PERIOD

Current taxes

	FY 2021/2022	FY 2020/2021	Change
IRAP (regional business tax)	-4,147	-3,143	-1,004
Previous years' tax income	0	0	0
Tax income from tax consolidation	0	0	0
Other income taxes	-62	-220	158
Total	-4,209	-3,363	-846

In the 2021/2022 financial year, there was no recognition of Tax income from tax consolidation, as the taxable income was offset against the tax losses within the Milan Group, in application of the "Agreement on the exercise of the option for the national tax consolidation scheme".

Deferred tax assets and liabilities

The item Deferred tax liability of Euro 2,269 thousand (a liability of Euro 1,501 thousand in the 2020/2021 financial year) relates specifically to the issue of deferred tax assets on consolidation adjustments which mainly relate to the reversal of inter-company gains.

CONSOLIDATED RESULT FOR THE PERIOD

The period 2021/2022 resulted in a loss of Euro 66,537 thousand (loss of Euro 96,416 thousand in the 2020/2021 financial year).

Milan, 29 September 2022

**for the Board of Directors
The Chief Executive Officer
Ivan Gazidis**



ATTACHMENTS



ATTACHMENTS

These attachments contain additional information to that reported in the Notes, of which they are an integral part.

This information is contained in the following attachments:

- **statement of changes in intangible fixed assets;**
- **statement of changes in tangible fixed assets;**
- **statement of changes in equity investments;**
- **statement of changes in shareholders' equity;**
- **segment breakdown;**
- **reconciliation between the A.C. Milan S.p.A. and the Consolidated shareholders' equity and profit or loss;**
- **list of equity investments in subsidiaries, associates and others.**

INDEPENDENT AUDITOR'S REPORT

Attachment 1

Statement of changes in intangible assets

A1g

(in thousands of Euros)								
Historical cost	01.07.2021	Investments	(Disinvestments)	Other changes	(Amortisation)	(Write-downs) / Write-backs	Scope of consolidation	30.06.2022
Start-up and expansion costs	3	—	—	—	—	—	—	3
Industrial patents and intellectual property rights	—	—	—	—	—	—	—	—
Concessions, licences, trademarks and similar rights	50,713	1,538	—	174,000	—	—	—	226,251
Goodwill and consolidation difference	—	0	0	—	—	—	—	—
Assets in progress and advances	27	754	—	(729)	—	—	—	52
Player registration rights	350,721	47,517	(75,542)	—	—	—	—	322,696
Other intangible fixed assets	27,551	391	(178)	729	—	—	—	28,493
Total	429,015	51,354	(75,898)	174,000	—	—	—	578,471
Accumulated amortisation and Provision for Doubtful Accounts	01.07.2021	Investments	(Disinvestments)	Other changes	(Amortisation)	(Write-downs) / Write-backs	Scope of consolidation	30.06.2022
Start-up and expansion costs	(3)	—	—	—	—	—	—	(3)
Industrial patents and intellectual property rights	—	—	—	—	—	—	—	—
Concessions, licences, trademarks and similar rights	(39,667)	—	—	—	(1,498)	—	—	(41,165)
Goodwill and consolidation difference	—	—	—	—	—	—	—	(187,047)
Player registration rights	(188,903)	—	64,411	—	(62,555)	(8,007)	—	(187,047)
Other intangible fixed assets	(19,260)	—	—	—	(1,944)	—	—	(21,204)
Total	(249,697)	—	64,411	—	(65,997)	(8,007)	—	(249,419)
Net value	01.07.2021	Investments	(Disinvestments)	Other changes	(Amortisation)	(Write-downs) / Write-backs	Scope of consolidation	30.06.2022
Start-up and expansion costs	—	—	—	—	—	—	—	—
Industrial patents and intellectual property rights	—	—	—	—	—	—	—	—
Concessions, licences, trademarks and similar rights	11,041	1,538	—	174,000	(1,498)	—	—	185,081
Goodwill and consolidation difference	—	—	—	—	—	—	—	—
Assets in progress and advances	28	754	—	(729)	—	—	—	54
Player registration rights	161,818	47,517	(11,131)	—	(62,555)	(8,007)	—	127,642
Other intangible fixed assets	8,291	391	(178)	729	(1,944)	—	—	7,289
Total	179,314	51,354	(11,487)	174,000	(65,997)	(8,007)	—	321,042

Attachment 2

Statement of changes in tangible fixed assets

Attachment 2

(in thousands of Euros)

Historical cost	01.07.2021	Investments	(Disinvestments)	Other changes	(Amortisation)	(Write-downs) / Write-backs	Scope of consolidation	30.06.2022
Land and buildings	64,459	97	(49,400)	130	—	—	—	15,286
Plant and machinery	5,694	175	—	—	—	—	—	5,869
Industrial and commercial equipment	5,360	3,381	(203)	—	—	—	—	8,538
Other tangible assets	3,913	959	(48)	—	—	—	—	4,824
Tangible assets in progress	229	3,591	(187)	(130)	—	—	—	3,503
Total	79,655	8,203	(49,838)	—	—	—	—	38,020
Accumulated amortisation and Provision for Doubtful Accounts	01.07.2021	Investments	(Disinvestments)	Other changes	(Amortisation)	(Write-downs) / Write-backs	Scope of consolidation	30.06.2022
Land and buildings	(3,071)	—	—	—	(1,045)	—	—	(4,116)
Plant and machinery	(3,065)	—	—	—	(347)	—	—	(3,412)
Industrial and commercial equipment	(3,735)	—	—	—	(573)	—	—	(4,308)
Other tangible assets	(3,089)	—	48	—	(382)	—	—	(3,423)
Total	(15,281)	—	48	—	(2,347)	—	—	(17,580)
Net value	01.07.2021	Investments	(Disinvestments)	Other changes	(Amortisation)	(Write-downs) / Write-backs	Scope of consolidation	30.06.2022
Land and buildings	61,388	97	(49,400)	130	(1,045)	—	—	11,170
Plant and machinery	2,629	175	—	—	(347)	—	—	2,457
Industrial and commercial equipment	1,624	3,381	(203)	—	(573)	—	—	4,229
Other tangible assets	822	959	—	—	(382)	—	—	1,399
Tangible assets in progress	229	3,591	(187)	(130)	—	—	—	3,503
Total	66,692	8,203	(49,790)	—	(2,347)	—	—	22,757

Attachment 3

Statement of changes in equity investments

(in thousands of Euros)

Historical cost	01.07.2021	Investments	(Disinvestments)	Other changes	(Write-downs) / Write-backs	Scope of consolidation	30.06.2022
Subsidiaries:		97	(49,400)	130	—	—	15,286
- measured using the equity method	—	—	—	—	—	—	—
- measured using the cost method	104	—	—	—	—	—	104
Associates:							
- measured using the equity method	1,337	—	—	—	521	—	1,858
- measured using the cost method	—	—	—	—	—	—	—
Other companies:							
- measured using the equity method	2,000	—	—	—	—	—	2,000
- measured using the cost method	—	—	—	—	—	—	—
Total	3,441	—	—	—	521	—	3,962
Accumulated amortisation and Provision for Doubtful Accounts	01.07.2021	Investments	(Disinvestments)	Other changes	(Write-downs) / Write-backs	Scope of consolidation	30.06.2022
Subsidiaries:							
- measured using the equity method	—	—	—	—	—	—	—
- measured using the cost method	—	—	—	—	—	—	—
Associates:							
- measured using the equity method	—	—	—	—	—	—	—
- measured using the cost method	—	—	—	—	—	—	—
Other companies:							
- measured using the equity method	—	—	—	—	(1,000)	—	(1,000)
- measured using the cost method	—	—	—	—	—	—	—
Total	—	—	—	—	(1,000)	—	(1,000)
Net value	01.07.2021	Investments	(Disinvestments)	Other changes	(Write-downs) / Write-backs	Scope of consolidation	30.06.2022
Subsidiaries:							
- measured using the equity method	—	—	—	—	—	—	—
- measured using the cost method	104	—	—	—	—	—	104
Associates:							
- measured using the equity method	1,337	—	—	—	521	—	1,858
- measured using the cost method	—	—	—	—	—	—	—
Other companies:							
- measured using the equity method	2,000	—	—	—	(1,000)	—	1,000
- measured using the cost method	—	—	—	—	—	—	—
Total	3,441	—	—	—	(479)	—	2,962

Attachment 4

Statement of changes in shareholders' equity

(in thousands of Euros)

	Share capital	Share premium reserve	Revaluation reserves	Legal reserve	Statutory Reserves	Other reserves	Profit (loss) carried forward	Profit/(loss) for the year	Total Shareholders' Equity
Shareholders' Equity at 30.06.2020	113,443	31,020	—	124	—	101,341	(17,18)		
Appropriation of profit for the year 2019/2020	0	0	0	0	0	(194,616)			
Increases in share capital	0	0	0	0	0	129,500	0	0	129,500
Capital contributions and/or contributions to cover losses	0	0	0	0	0	0	0	0	—
Covering of losses	0	0	0	0	0	0	0	0	—
Other changes	0	0	0	0	0	86	0	0	86
Result for the period	0	0	0	0	0	0	0	(96,416)	(96,416)
Shareholders' Equity at 30.06.2021	113,443	31,020	—	124	—	36,311	(17,188)	(96,416)	67,294
Appropriation of profit for the year 2020/2021	0	0	0	0	0	(36,311)	(60,105)	96,416	—
Increases in share capital	0	0	0	0	0	-	-	0	—
Capital contributions and/or contributions to cover losses	0	0	0	0	0	5,000	-	0	5,000
Covering of losses	0	0	0	0	0	0	0	0	—
Other changes	0	0	125,454	0	0	19	0	0	125,473
Result for the period	0	0	125,454	0	0	0	0	(66,537)	(66,537)
Shareholders' Equity at 30/06/2022	113,443	31,020	125,454	124	—	5,019	(77,293)	(66,537)	131,230

Attachment 5

Segment breakdown

(in thousands of Euros)

Balance Sheet	A.C. Milan S.p.A.	Milan Entertainment S.p.A.	Milan Real Estate S.p.A.	Casa Milan S.r.l.	AC Milan (Shanghai) Sports Development Co. Ltd.	Adjustments	Milan Consolidated Group
Assets							
Receivables from shareholders	—	—	—	—	—	—	—
Fixed assets:							
- intangible	320,145	30,570	—	—	—	(30,649)	
- tangible	5,036	431	24,541	—	47	(7,298)	
- financial	199,212	1,000	—	—	—	(197,250)	
Other long-term receivables	— 363	— 6	— 49	—	—	—	—
Total fixed assets	524,757	32,007	24,589	0	47	(235,197)	
Working capital:							
- inventories	—	428	—	—	—	—	—
- receivables	92,895	16,812	455	6,473	142	(8,318)	
- current financial assets	8,585	189,183	—	—	—	(197,767)	
- cash and cash equivalents	28,791	7,450	181	5,665	639	—	
Total working capital	130,271	213,873	636	12,138	781	(206,085)	
Accruals and deferrals	4,186	242	755	0	0	(100)	
Total assets	659,215	246,120	25,981	12,137	827	(441,384)	
Shareholders' Equity and Liabilities							
Shareholders' Equity:							
- share capital	113,443	20,000	5,000	10	200	(25,210)	
- reserves	161,598	167,632	7,399	1,008	28	(176,039)	
- profit/(loss) carried forward	(45,242)	248	1,477	7	(29)	(33,763)	
- profit/(loss) for the period	(92,298)	13,551	320	4,529	474	6,887	
Shareholders' Equity	137,501	201,431	14,197	5,553	673	(228,125)	
Capital and reserves of minority shareholders							
	—	—	—	—	—	—	—
Total Shareholders' Equity	137,501	201,431	14,197	5,553	673	(228,125)	13
Provisions for risks and charges	71,529	1,004	0	0	0	0	7
Employee leaving entitlements	1,162	886	33	0	0	—	—
Payables	421,906	17,282	11,707	6,585	155	(213,156)	24
Accruals and deferrals	27,115	25,518	43	0	0	(101)	5
Total Liabilities and Shareholders' Equity	659,214	246,121	25,980	12,138	828	(441,382)	

(in thousands of Euros)

Income Statement	A.C. Milan S.p.A.	Milan Entertainment S.p.A.	Milan Real Estate S.p.A.	Casa Milan S.r.l.	AC Milan (Shanghai) Sports Development Co. Ltd.	Adjustments	Milan Group Consolidated
Value of production:							
- Revenues from sales and services	31,861	1,645	—	—	—	—	683
- changes in inventories of finished products, work in progress, increases in fixed assets for internal use	—	(54)	—	—	—	—	—
- Other revenues and income	206,728	59,099	7,208	9,094	—	901	(19,573)
Total value of production	238,589	60,690	7,208	9,094	—	901	(18,890)
Costs of production:							
- for raw materials, ancillary materials, consumables and goods	2,975	4,618	112	—	—	—	—
- for services	64,555	9,748	4,920	417	—	254	(22,156)
- of use of leased assets	11,770	4,112	317	166	—	37	(6,018)
- for personnel	161,895	8,015	252	—	—	92	—
- amortisation, depreciation and write-downs	73,911	10,185	588	869	—	—	(9,184)
- changes in inventories	—	—	—	—	—	—	—
- provisions and other operating expenses	22,758	7,188	451	130	—	0	(402)
Total costs of production	337,864	43,867	6,640	1,581	—	382	(37,760)
Difference between value and costs of production	(99,275)	16,823	568	7,513	—	519	18,870
Financial Income and (Expenses)							
Adjustments in value of financial assets	(1,000)	—	—	—	—	—	521
Result before tax	(95,507)	18,806	496	6,580	505	9,061	
Income taxes for the period	3,208	(5,255)	(176)	(2,051)	(30)	(2,176)	
(Profit) loss of minority shareholders	—	—	—	—	—	—	—
Group profit/(loss)	(92,298)	13,552	320	—	—	4,529	

Attachment 6

Reconciliation between the shareholders' equity and operating profit/loss for the period of A.C.

Milan S.p.A. and the consolidated figures

(in thousands of Euros)

	30.06.2022		30.06.2021	
	Shareholders' Equity	Group Profit (Loss)	Shareholders' Equity	Group Profit (Loss)
Balance of statutory financial statements A.C. Milan S.p.A.	137,501	(92,297)	99,344	(97,943)
Surpluses in shareholders' equity including profit/loss for the period, compared to book value of the equity investments	24,593	19,398	3,897	10,949
Elimination of infragroup profits and losses	(30,864)	6,362	(35,947)	(6,323)
Other consolidation adjustments	-	0	-	(3,100)
Balance of consolidated financial statements	131,230	(66,537)	67,294	(96,417)

Attachment 7

Related-party transactions

(in thousands of Euros)

Counterparty	Trade receivables and Other	Financial Receivables	Trade payables and Other	Financial Payables	Value of production	Costs of production	Financial Income (Expenses)
Rossoneri Sport Investment Luxembourg S.à r.l.	-	-	-	-	-	-	-
Total parent companies	-	-	-	-	-	-	-
Fondazione Milan Onlus	0	-	-	-	98	85	-
Total subsidiaries	0	-	-	-	98	85	-
M-I Stadio S.r.l.	1	-	2,348	-	725	5,035	-
Total associates	1	-	2,348	-	725	5,035	-
Total associates	-	-	-	-	-	-	-
European Super League Company (*)	-	-	-	-	-	-	-
Total Other companies	-	-	-	-	-	-	-
Total	1	-	2,348	-	823	5,120	-

(*) It should be noted that the Company was incorporated on 17 April 2021 and as of the date of these consolidated financial statements, information relating to its Balance Sheet (in particular Shareholders' Equity and Share Capital) and Income Statement was not available.

Attachment 8

Attachment 8**List of equity investments in subsidiaries, associates and others**

(*)	Name	Location	Currency	Share capital (in thousands of Euros)	% Ownership held by the Group
<u>Companies consolidated using the line-by-line method</u>					
Parent Company					
	A.C. Milan S.p.A.	Milan	Euro	113,443	—
A	Milan Entertainment S.r.l.	Milan	Euro	20,000	100.00
A	Milan Real Estate S.p.A.	Carnago (VA)	Euro	5,000	100.00
A	AC Milan (Shanghai) Sports Development Co. Ltd.	Shanghai (PRC)	Euro	200	100.00
A	Casa Milan S.r.l.	Milan	Euro	10	0.01
<u>Companies consolidated using the equity method</u>					
B	M-I Stadio S.r.l.	Milan	Euro	1,000	50.00
C	European Super League Company (**)	Madrid	Euro	2,000	9.09
<u>Companies consolidated using the cost method</u>					
A	- Fondazione Milan - Onlus	Milan	Euro	104	100.00

KEY:

- (*) A=> subsidiaries
 B=> associates
 C=> others

(**) It should be noted that the Company was incorporated on 17 April 2021 and as of the date of these consolidated financial statements, information relating to its Balance Sheet (in particular Shareholders' Equity and Share Capital) and Income Statement was not available.

INDEPENDENT AUDITOR'S REPORT





A.C. Milan S.p.A.

Consolidated financial statements as at June 30, 2022

Independent auditor's report pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of
A.C. Milan S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Milan Group (the Group), which comprise the consolidated balance sheet as at 30 June 2022, the consolidated income statement and consolidated statement of cash flows for the year then ended, and consolidated explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw the attention to the note "Going Concern" of the Board of Directors' report on operations and of the consolidated explanatory notes, that describe that the Group's consolidated loss for the period amounts to Euro 66,5 million, the shareholders' equity amounts to Euro 131,2 million and the negative financial indebtedness amounts to Euro 28,4 million. In this context the Directors underline the financial support guaranteed by the majority shareholder to the entities of the Group for a period of not less than 12 months from the date of approval of the consolidated financial statements. Based on these assumptions, the Directors have prepared these consolidated financial statements under the going concern assumption. Our opinion is not modified in respect to this matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the A.C. Milan S.p.A. or to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of A.C. Milan S.p.A. are responsible for the preparation of the Report on Operations of the Group as at 30 June 2022, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of the Group as at 30 June 2022 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of the Group as at 30 June 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, October 10, 2022

EY S.p.A.

Signed by: Luca Pellizzoni, Auditor

This report has been translated into the English language solely for the convenience of international readers.

REPORT ON OPERATIONS



A.C. MILAN S.p.A.

Registered office: Via Aldo Rossi no. 8, Milan

Secondary offices: Carnago (VA), Via Milanello no. 25 – Milan,

Via dei Missaglia no. 17 – Rho (MI), Via dei Fontanili no. 61/63:

Share Capital: Euro 113,443,200.00 fully subscribed and paid,

comprising 218,160,000 shares, each with a nominal value of Euro 0.52.

Tax ID and Milan, Monza and Brianza e Lodi Companies' Registry Registration No: 01073200154

BOARD OF DIRECTORS' REPORT ON OPERATIONS

AT 30 JUNE 2022

Sports results

The football season ended with a first-place finish in the Italian Serie A championship and a semi-final appearance in the Italian Cup. As far as European competitions are concerned, the club failed to qualify from the Group Stage of the UEFA Champions League.

On 6 May 2022, the UEFA First Instance Licensing Committee, having examined the documentation produced by the Licence applicant in the framework of the granting process of the UEFA Licence for the 2022/2023 football season, decided to grant the Licence on the basis of the requirements provided for by the UEFA Licence Manual - Edition 2020, and as per Official Notice No. 244/A published on 9 May 2022.

On 1 July 2022, Co.Vi.So.C./F.I.G.C., having examined the documents submitted by the Club, found that the conditions required for the National Licence for the 2021/2022 professional championship had been met, in accordance with Title I) of Official Communication no. 220/A of 27 April 2022.

Transfer Campaign

Sales and purchases of player rights

The transactions finalised during the 2021/2022 Transfer Campaign resulted in a net decrease in invested capital of Euro 32.3 million, deriving from additions of Euro 47.7 million, disposals of Euro 9.5 million (net book value of the rights sold) and write-downs of Euro 8 million. Amortisation for the period amounted to Euro 62.6 million

Profit on disposal of player registration rights amounted to Euro 5.6 million, while loss on disposal amounted to Euro 2.5 million.

The player transfer deals completed during the summer window of the 2022/2023 Transfer Campaign, which began on 1 July and ended 1 September 2022, included the permanent or temporary acquisitions of the players Alessandro Florenzi, Junior Walter Messias, Divock Origi, Charles Marc De Ketelaere, Malick Thiaw, Sergino Dest, Aster Jan Vranckx, Leonardo D'Alessio, Hugo Francisco Quenca Martinez, Juan-Carlo Simic and Dariusz Piotr Stalmach.

The permanent and/or temporary disposals of player registration rights included those of Leonardo Campos Duarte Da Silva, Samuel Castillejo Azuaga, Frank Tsadjout.

It bears noting that in July 2022, the employment contracts of players Lenny Alexander Borges and Leroyil Abanda Mfono were terminated by mutual consent and the economic effect of the termination has already been recognised in the financial statements at 30 June 2022.

Renewals of player contracts

During 2021/2022, five contract renewals took place in relation to players in the Milan first team.

Terminations of player contracts

In July 2022, the employment contracts of players Lenny Alexander Borges and Leroyil Abanda Mfono were terminated by mutual consent and the economic effect of the termination has already been recognised in the financial statements at 30 June 2022.

Season Ticket Campaign

In compliance with administrative authority directives to contain Covid-19, capacities were restricted for the 2021/2022 Serie A season (the percentage varied over the season). Therefore, season ticket sales were not considered convenient due to the risk of having to play matches behind closed doors.

Financial position and operating performance**Net income/(loss) for the period**

The net result for the 2021/2022 financial year shows a loss of Euro 92.298 million, an increase of Euro 5.645 million compared to the loss of the 2020/2021 financial year, equal to Euro 97.943 million.

The change in net income/(loss) for the 2021/2022 financial year compared to the previous year is mainly due to a Euro 31.9 million increase in matchday revenue following the reopening of stadiums; a Euro 2 million increase in income from commercial and royalties as a result of the new brand use contracts with the Club's main commercial partners for the 2021/2022 and subsequent seasons; a Euro 3.1 million increase in sponsorship revenue; a Euro 8.4 million reduction in amortisation of fixed intangible assets mainly attributable to the television images historical archive and multi-year player registration rights. These increases were partly mitigated by the Euro 14.6 million reduction in profit on disposal of player registration rights; a Euro 5.3 million reduction in income from the sale of TV rights given that fewer matches were played than in the previous year, which was compensated to some extent by the higher Champions League revenues; a Euro 3.3 million increase in costs for services; and a Euro 8 million increase in the write-down of player registration rights of some players, due to the effect of losses of some players in July and August 2022.

Value of production

The value of production for the 2021/2022 financial year amounted to Euro 238.6 million, a decrease of 3% compared to the figure of Euro 244.8 million for the previous financial year, and refers to:

	2021/2022		2020/2021		Change
	Value	%	Value	%	
Audiovisual and media income	133	55.70%	138.3	56.50%	-5.3
Match day revenues	31.9	13.40%	-	0.00%	31.9
Revenues from players' registration rights	10.5	4.40%	28.4	11.60%	-17.9
Sponsorship revenues	31	13.00%	27.9	11.40%	3.1
Commercial revenues and royalties	8.7	3.60%	6.6	2.70%	2.1
Other revenues and income	23.6	9.90%	43.7	17.90%	-20.1
Total	238.6	100.00%	244.8	100.00%	-6.2

Revenues from the sale of audiovisual and media rights, amounting to Euro 133 million (-4% compared to the 2020/2021 financial year), decreased mainly due to playing fewer matches during the season reported than during the previous season in which some 2020/2021 Serie A championship matches were played in July and August 2020 following the postponement in the conclusion of the competition due to Covid-19, which was partially made up by the positive effect of higher revenues from Champions League matches.

Match day revenues amounted to Euro 31.9 million (+100% compared to 2020/21). This change is due to the reopening of stadiums and the possibility of playing home fixtures in the league and European competition in front of a crowd after the Italian Government rolled back its Covid-19 restrictions.

Revenues from players' registration rights, amounting to Euro 10.5 million, decreased by Euro 17.9 million compared to the 2020/2021 financial year due to the combined effect of higher revenues from the temporary transfer of player registration rights (+ Euro 1.6 million), lower profits on disposal of player registration rights (- Euro 14.6 million) and lower miscellaneous revenues from player registration rights (- Euro 4.9 million) mainly due to the consideration paid to the Company on the resale of players.

Sponsorship income, commercial income and royalties amounted to Euro 39.7 million and went up by Euro 5.2 million compared to the 2020/2021 financial year.

The item "**Other income and revenues**", amounted to Euro 23,617 thousand (Euro 43,729 thousand in the 2020/2021 financial year) and comprised Euro 3,116 thousand (Euro 14,626 thousand in the 2020/2021 financial year) for the utilisation, for various reasons, of the provision for future charges accrued in previous years' financial statements, and Euro 6,650 thousand (Euro 2,995 thousand in the 2020/2021 financial year) for contingent assets and other residual revenues and income. It bears noting that, in the 2020/21 financial year, Euro 11,450 thousand in other extraordinary income was recorded due to the sale of the pre-emption right over the "Casa Milan" property. This item also includes Euro 3,272 thousand (Euro 3,426 thousand in the 2020/2021 financial year) as income arising from the recharge of costs to Milan Entertainment S.r.l., in particular for the use of indoor spaces at Casa Milan and at the San Siro Stadium in Milan, to Milan Real Estate S.p.A., of players and third parties, as well as Euro 1,407 thousand (unchanged compared to the 2020/2021 financial year) as consideration deriving from the invoicing to the associated company M-I Stadio S.r.l. for the use of some indoor and outdoor areas at the San Siro stadium in Milan, Euro 766 thousand (Euro 461 thousand in the 2020/2021 financial year) for insurance reimbursements following injuries sustained by Milan's first team players and Euro 383 thousand (Euro 241 thousand in the 2020/2021 financial year) as income for miscellaneous recharges.

Costs of production

Costs of production for the 2021/2022 financial year amounted to Euro 337.9 million, an increase of Euro 4.6 million (- 1%) compared to Euro 342.5 million for the 2020/2021 financial year, and refer to the following items:

	2021/2022		2020/2021		Change
	Value	%	Value	%	
Cost of personnel	161.9	47.90%	162.2	47.40%	-0.3
Amortisation, depreciation and write-downs	73.9	21.90%	75.8	22.10%	-1.9
Cost of services and use of leased assets	76.3	22.60%	71	20.70%	5.3
Expenses from management of player registration rights	10.4	3.10%	16.2	4.70%	-5.8
Cost of purchasing raw materials and goods	3	0.90%	3.3	1.00%	-0.3
Other costs and charges	12.4	3.70%	13.9	4.10%	-1.5
Total	337.9	100.00%	342.5	100.00%	-4.6

Personnel costs, equal to Euro 161.9 million, showed an overall decrease of 0.2% (Euro 0.3 million down on the 2020/2021 financial year)

Amortisation, depreciation and write-downs amounted to Euro 73.9 million and decreased by Euro 1.9 million (-2.5% compared to the 2020/2021 financial year), mainly due to a Euro 3 million decrease in the amortisation of player registration rights as a consequence of the 2021/2022 transfer campaign; a Euro 5 million decrease in the amortisation of the television images historical archive (Milan Library) and from a Euro 8 million increase in the write-downs of the registration rights of some players due to the loss-making sales in the course of the 2022/2023 transfer campaign (Euro 1.9 in the previous financial year).

Cost of services and use of leased assets, amounted to Euro 76.3 million, showing a net increase of Euro 5.3 million (+7.46% compared to 2020/2021) mainly due to higher consultancy costs (+ Euro 1.2 million), advertising costs (+ Euro 1 million), utilities (+ Euro 0.6 million) and increased costs arising from the use of the San Siro stadium of Milan than in the previous year due to no agreement having yet being reached with the Municipal Administration of Milan for the temporary suspension of events due to Covid-19 (+ Euro 0.8 million).

Expenses from management of player rights amounted to Euro 10.4 million, decreasing by Euro 5.8 million compared to the 2020/2021 financial year due to the lower expense on temporary acquisitions of players (- Euro 4.3 million) and player sell-on fees (- Euro 1.6 million).

Costs of raw materials and goods were essentially in line with the previous financial year (- - Euro 0.3 million) and essentially refer to the costs incurred in buying training kit, the official kits supplied by the Official Kit Partner, and costs of buying medical items.

Other costs and charges, amounting to Euro 12.4 million (Euro 13.9 million in the previous financial year), was essentially in line with the previous year and mainly includes Euro 7.4 million (Euro 7.9 million in the previous financial year) relating in particular to the allocation of future charges related to sporting and non-sporting personnel and the extrajudicial copyright claims made to the Company, Euro 2.1 million (Euro 2 million in the 2020/2021 financial year) related to contingent liabilities, Euro 1.3 million for Lega Nazionale Professionisti Serie A contributions (unchanged on the 2020/2021 financial year) and Euro 0.5 million (Euro 0.6 million in the 2020/2021 financial year) related to costs arising from recharges made to Milan Entertainment S.r.l, Milan Real Estate S.p.A. and players and third parties for their own fees.

Financial Income and Expenses

Financial income and expenses showed a positive balance of + Euro 4.8 million (+ Euro 6.3 million), up from the negative balance of - Euro 1.5 million in the 2020/2021 financial year. Dividend income in the 2021/2022 financial year amounted to Euro 10 million.

Adjustments in value of financial assets

This item amounted to - Euro 1 million (Euro 0.6 million in the 2020/2021 financial year). This Euro 1 million refers to the write-down of the investment in the Superleague Company SL.

Income taxes for the year

The balance of taxes, amounting to Euro 3.2 million (Euro 1.9 million positive in the 2020/2021 financial year), mainly includes current taxes for Euro 3.4 million for allocations for regional business tax, as well as tax income from tax consolidation arising from the adjustment of relations exclusively within the sub-consolidation area of the Milan Group for Euro 6.5 million.

Player registration rights

On 30 June 2022, player registration rights totalled Euro 127.6 million compared to Euro 160 million at 30 June 2021.

The net decrease of Euro 32.3 million derives from the investments (+ Euro 47.7 million) and net disinvestments (- Euro 9.4 million), amortisation for the period (- Euro 62.6 million) and write-downs of multi-year player registration rights in the period (- Euro 8 million).

For details of the players involved in these movements, please see the attachments section of the Notes.

Shareholders' Equity

Shareholders' Equity at 30 June 2022 was positive at Euro 137.5 million, an increase compared to the balance of Euro 99.3 million at 30 June 2021, due to payments on account of the future capital contributions and/or injections to cover losses for a total of Euro 5 million and the loss for the period (- Euro 92.3 million) and the recognition of the revaluation reserve of Euro 125 million (pursuant to Italian Decree-Law 104/2020) with regard to the “AC Milan” trademark.

At 30 June 2022, the company's Shareholders' Equity was made up of the share capital, fully subscribed and paid, of Euro 113,443,200.00, comprising 218,160,000 shares, each with a nominal value of €0.52, the share premium reserve of Euro 31,020,000.00, fully subscribed and paid; the legal reserve of Euro 123.889.55; the revaluation reserve of Euro 125,454 thousand recognised during the year under Decree-Law 104/2020 (surplus fund) following the revaluation of the “AC Milan” trademark as permitted by Article 110 of Decree-Law 104/2020, converted into law by Law No. 126 of 13 October 2020, as amended; payments on account of future capital increases and/or to cover losses, of Euro 5 million; and losses carried forward of Euro 45,242,063.

For more details about the accounting revaluation during the financial year, please see the Notes to the financial statements.

Net Financial Position

On 30 June 2022 the consolidated Net Financial Position of the Company showed net indebtedness of Euro 218.7 million, an improvement (- - Euro 2.5 million) compared to the 2020/2021 financial year (Euro 221.2 million) mainly due to the decrease in payables to factoring companies of Euro 16.9 million. It should be noted that Euro 180.6 million (Euro 160.6 million in the previous year) refers to financial payables due to subsidiaries for centralised management of the Group treasury.

For more details about the composition and movements in Net Financial Position, please see the Notes to the financial statements.

Relationships with subsidiaries, associates and parent companies

During the financial year, the Company was not subject to direction and coordination by former parent Rossoneri Sport Investment Luxembourg S.à. r.l. With regard to the main relationships in place with subsidiaries, associates and parent companies:

- the company has an agreement in place with the subsidiary Milan Real Estate S.p.A. regarding the use of the Milanello Training Centre and a number of rental units, which also includes maintenance services, for an annual fee of Euro 7.0 million, net of any adjustments and ISTAT revaluation;
- the club has an agreement with its subsidiary Milan Entertainment S.r.l. for the provision of a whole series of services including commercial, marketing, sales, stadium and ticketing management, staff management and administration, fiscal and insurance services, financial and cash management, operations control and internal auditing, legal, compliance and security services, IT, social and new media, logistics and general services, as well as sports regulatory compliance, with a total annual value of Euro 14.3 million, not including the Istat revaluation;
 - the Company has also maintained a lease contract for internal areas within the real estate complex called "Casa Milan", leased by the Company from the subsidiary company Casa Milan S.r.l., until the sale of the property in December 2021, the pro quota value of which is Euro 1.5 million net of Istat revaluation;

- the Company has a contract with the subsidiary AC Milan (Shanghai) Sports Development Co. Ltd. for the development of commercial activities under the Milan brand in the Asian market, including the planning and organisation of sports events and the sale of sports material and merchandising in Asia against royalties to be paid to the subsidiary following the execution of the specific agreement;
- The company has a joint contract with F.C. Internazionale S.p.A., with M-I Stadio S.r.l. relating to the payments from invoices issued for the use of some internal and external spaces at the San Siro Stadium in Milan, under which the annual fee payable to the licensees is Euro 1.4 million (plus any adjustments);
- The company has a joint contract with F.C. Internazionale S.p.A., with M-I Stadio S.r.l. relating to operating costs to manage the San Siro Stadium, under which the annual fee payable by the licensees is Euro 9.1 million (plus any adjustments);
- the company has an intercompany correspondence account with subsidiaries, which is regulated at arm's-length conditions;
- With effect from 1 January 2017, the Parent A.C. Milan S.p.A. exercised the option to join the tax consolidation scheme (Articles 117-129 of Presidential Decree 917/86), as the consolidating entity, jointly with Milan Entertainment S.r.l., Milan Real Estate S.p.A. and Casa Milan S.r.l. consolidated companies.

Details of all other intercompany relationships and the changes in equity investments, as well as related-party transactions, are provided in the summary tables in the Notes.

Potential liabilities and other information

Financial Fair Play

The club's participation in European competition is subject to compliance with the UEFA Club Licensing and Financial Fair Play ("CL&FFP") Regulations – Edition 2018. In this regard, on 18 June 2020 the Executive Committee of UEFA approved partial exemptions from the Financial Fair Play rules and the criteria for their monitoring, so that the negative effects of Covid-19 on the financial results of football clubs are taken into account for the issuing of the Licence. Furthermore, on 1 June 2022 the UEFA Club Licensing and Financial Sustainability Regulations - Edition 2022 came into force, which will take effect for the beginning the 2023/2024 season.

On 31 August 2022, the Company AC Milan S.p.A. reached a settlement agreement with UEFA. In addition to settling the proceedings initiated against the Company by UEFA for violating the CL&FFP regulations as regards compliance with the break-even parameters for the monitoring period during the 2021/2022 season, this agreement regulates the transition

by the Company from the break-even parameters set forth in the CL&FFP to the new rules set forth in the UEFA Club Licensing and Financial Sustainability Regulations Edition 2022. More information on the contents of the settlement agreement is provided in the following section.

UEFA SETTLEMENT

On 10 February 2022, the chairman of the First Chamber of the UEFA Club Financial Control Body ("CFCB First Chamber") opened a procedure with the Company under Article 12(1) of the Procedural rules governing the UEFA Club Financial Control Body ("Procedural Rules") – Edition 2021 to ascertain whether the Company complied with the UEFA Club Licensing and Financial Fair Play Regulation – Edition 2018 ("CL&FFP"). Specifically, the Company was notified that its deviation from the break-even requirements set forth in Articles 58 to 64 and 68 of the CL&FFP exceeded the permitted deviation.

On 31 August 2022, UEFA and the Company reached a settlement agreement through the CFCB First Chamber. Among other things, this agreement regulates the transition by the Company from the break-even parameters under the CL&FFP to the new rules (taking effect beginning the 2023/2024 season) set forth in the UEFA Club Licensing and Financial Sustainability Regulations Edition 2022, which came into force on 1 June 2022.

The Settlement Agreement aims to govern the reporting periods (reporting periods) ending 2022, 2023, 2024 and 2025 and the following four football seasons: 2022/2023, 2023/2024, 2024/2025 and 2025/2026. The relevant provision has been recognised in accounts.

UEFA has published an excerpt of the Settlement Agreement online, pursuant to the Procedural Rules - Edition 2022, at the following address: [transitional_3-year_settlement_agreements_-_august_2022.pdf \(uefa.com\)](#).

It bears noting that the CFCB First Chamber also signed similar settlement agreements in August 2022 with AS Monaco (FRA), Beşiktaş JK (TUR), Juventus (ITA), Olympique de Marseille (FRA) and Paris Saint-Germain (FRA).

Super League

On 17 April 2021, A.C. Milan (the "Company") and eleven other clubs (the "Founding Clubs") formalised an agreement (the "Original Agreement") to create, subject to the fulfilment of certain conditions precedent, a twenty-team European competition called the "Super League" (the "SL") in which the first team of AC Milan would take part permanently as a founding club.

On 18 April 2021, the Company, together with eight other Founding Clubs, became a member, through the subscription of a share issue and payment of an amount of Euro 200 thousand, of the European Super League Company S.L.U. (the "SL Company"), i.e. the company incorporated under Spanish law set up for the purpose of creating and managing the proposed SL. Subsequently, as provided for in the agreements between the Founding Clubs, the Company made a further payment to Shareholders' Equity of the SL Company of Euro 1.8 million.

Following the public announcement of the planned creation of the SL, UEFA and other sports bodies affiliated to UEFA expressed their opposition to the creation of the SL and publicly announced the adoption of disciplinary sanctions against the Founding Clubs.

Following the termination, as provided for in the Original Agreement, of the SL project and the Original Agreement itself, the Company (together with certain other Founding Clubs) reached an amicable settlement with UEFA an amicable settlement of the matter (the "UEFA Agreement") and in this framework the Company has undertaken certain commitments towards

UEFA including that of paying to the UEFA Foundation For Children, together with the other clubs that signed the agreement with UEFA, a total amount of Euro 15 million, divided among the various clubs pro rata, within 12 months of the signing of the agreement. On the basis of this agreement, the Company has also agreed that UEFA, in the next UEFA competition in which the Company qualifies (it being understood that the first season for this purpose will be the 2023/2024 season), shall retain 5% of the revenues due to the Company in relation to that season. The relevant provision has been recognised in accounts.

Following the achievement of the UEFA Agreement, the Company has learned from

public sources that the Commercial Court of Madrid has issued an interim injunction, in the context of a case pending before that Court, ordering UEFA, inter alia, to annul certain aspects of the obligations undertaken towards it by the signatory clubs to the UEFA Agreement.

In a media statement dated 27 September 2021, UEFA informed the clubs that are signatories to the UEFA Agreement that it would not request payment of any of the amounts specified in the UEFA Agreement as long as the proceedings in the Madrid Commercial Court were pending.

The Company also learned from public sources that the court in Madrid had asked the European Court of Justice to decide whether some aspects of UEFA's and FIFA's conduct were in breach of EU law.

The Company also learned from public sources that, on 20 April 2022, the court in Madrid revoked the injunctions it had previously ordered against on 20 April 2021 while the main case remained still pending.

Out-of-court copyright claims

On 8 and 24 August 2022, the Company received out-of-court claims for alleged copyright violations. The Company responded with a defence refuting the claims. The Company nonetheless activated the indemnity obligations assumed towards it by third parties in connection with these issues. As a matter of prudence, the Company also made the relevant provision in accounts.

CHANGE OF OWNERSHIP

On 31 August 2022, 218,008,094 ordinary shares in the Company (representing approximately 99.93% of AC Milan's share capital) were transferred from Rossoneri Sport Investment Luxembourg to ACM Bidco B.V., a limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated under Dutch law, which has its registered office in Amsterdam (Netherlands) and is registered in the Dutch Commercial Register under number 86598244.

On the same date, those shares were pledged by ACM Bidco B.V. (as pledgor) in favour of Rossoneri Sport Investment Luxembourg S.à r.l. (as secured creditor) under a Pledge Agreement over Shares, which was entered into by correspondence between the parties on 31 August 2022 in their capacities mentioned above with the intervention of Intertrust Trustees Limited as collateral agent.

Information on the environment and personnel

In accordance with Article 2428(2) civil code, the Company performs its activity in full accordance with the health and safety obligations provided for in Legislative Decree 81/2008, with regard to stadium security, the prevention and repression of football-related violence as provided for by Law number 41 of 4 April 2007 and by the Pisanu and Amato decrees.

Details of the number and composition of personnel are provided in the Notes.

Research and Development

The Company did not carry out any research and development during the 2021/2022 financial year.

Going concern

The company had a loss for the period of Euro 92.298 million, positive Shareholders' Equity of Euro 137.501 million and a consolidated Net Financial Debt of Euro 218.730 million (of which Euro 180.6 million with subsidiaries). During the financial year, the previous majority shareholder, Rossoneri Sport Investment Luxembourg S.à.r.l., made capital contributions in favour of the Company for a total of Euro 5 million. On 26 September 2022, the Company's current majority shareholder, ACM Bidco B.V., committed to financially assist the Company for a period of not less than 12 months from the date that the shareholders' general meeting of AC Milan approves the financial statements at 30 June 2022, in doing so reiterating the commitment already assumed towards the company on 31 August 2022 after the change of control.

Based on these considerations, the directors have prepared these financial statements on a going concern basis.

Main risks and uncertainties and business outlook

The continuation of the global health crisis, which affected the previous football seasons, and the outbreak of the war in Ukraine in March 2022, have exacerbated the climate of economic, financial and sporting uncertainty.

Forecasts for the global economy – and more specific figures for the sports industry in general and the football sector in particular – point towards a significant deterioration in the economic situation, taking into account both the potential impact of the Covid-19 pandemic and impacts seen in previous seasons, as well as the climate of uncertainty brought about by the war in Ukraine. These could have an impact on the performance and financial position of the Company, which is currently in a period of rising investments, sporting and otherwise.

Furthermore, when assessing the outlook of operations, the uncertainties typical of the football business are still present. These derive, in particular, from the performance of the First Team in the competitions in which it is involved, from additional transfers of player registration rights that may be made in the financial year, from the revenues from commercial activities, and from the trend in the cost of registered personnel, also taking into account the variable component of the agreed remuneration.

The Company will continue to monitor the evolution of the Ukraine conflict and situation related to the spread of the Covid-19 pandemic, in view of both the global economic implications and the changing regulatory framework. This will allow it to assess whether to adopt further measures to protect the health and wellbeing of its registered players, employees and collaborators, and to protect its sources of income and assets.

Financial risk management objectives and policies

The Milan Group has put in place specific policies outlining its financial risk management guidelines and objectives, with the aim of reducing its exposure to the exchange, credit and liquidity risks connected to its core business.

The existing financial instruments (which do not include derivatives) such as bank and postal deposits, cash, cheques and other valuables and accounts receivable do not carry any type of financial risk.

The main financial risks that the company is exposed to are described below.

Exchange rate risk

Exposure to exchange risk derives almost entirely from the acquisition of player registration rights in currencies other than the Euro (generally U.S. Dollars, Swiss Francs and Pound Sterling). However, the company carries out the majority of its transactions (both purchases and sales) in Euro, and accordingly there are no significant risks connected to exchange rate fluctuations.

Interest rate risk

The interest rate risk mainly derives from the variable-rate payables that expose the Group to variable cash flow.

Credit risk

The company does not have a significant concentration of credit risk and has suitable procedures in place to minimise exposure to that risk. In particular, receivables from domestic football clubs are guaranteed by the clearing house mechanism of the Lega Nazionale Professionisti. Receivables for fees resulting from the negotiation of contracts for TV rights are guaranteed by bank sureties issued by the clients. Lastly, receivables not backed by guarantees are regularly monitored to manage collection risk, with specific provisions for doubtful accounts made where necessary.

Liquidity risk

Liquidity risk is linked to the difficulty in raising funds to meet commitments. As mentioned above, during the 2021/2022 financial year, the previous shareholder of the Company, Rossoneri Sport Investment Luxembourg S.à.r.l., injected Euro 5 million to cover losses in order to provide the company with the necessary funds to cover current operating expenses and to strengthen its balance sheet.

FINANCIAL STATEMENTS

On 26 September 2022, the Company's current majority shareholder, ACM Bidco B.V., committed to financially assist the Company for a period of not less than 12 months from the date that the shareholders' general meeting of AC Milan approves the financial statements at 30 June 2022, in doing so reiterating the commitment already assumed towards the company on 31 August 2022 after the change of control.

Milan, 29 September 2022

**for the Board of Directors
The Chief Executive Officer
Ivan Gazidis**

A handwritten signature in black ink, appearing to be 'Ivan Gazidis', written over the printed name.

FINANCIAL STATEMENTS



FINANCIAL STATEMENTS

AC MILAN

Financial Statements at 30 June 2022 (1/5)

(in thousands of Euros)

BALANCE SHEET

ASSETS

	30.06.2022	30.06.2021	Change
A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL DUE			
B) FIXED ASSETS			
INTANGIBLE FIXED ASSETS			
4 concessions, licences, trademarks and similar rights	184,022,619	10,455,763	173,566,855
7 player registration rights	127,641,769	159,953,414	(32,311,645)
8 other assets	8,461,397	9,469,275	(1,007,878)
Total	320,145,284	179,881,652	140,263,631
II TANGIBLE FIXED ASSETS			
1 land and buildings	473	536	(63)
2 plant and machinery	333,701	310,963	22,739
3 industrial and commercial equipment	3,800,258	1,173,209	2,627,049
4 other assets	891,659	567,740	323,920
5 assets in progress and advances	9,720	47,500	(37,780)
Total	5,035,811	2,099,948	2,935,863
III FINANCIAL FIXED ASSETS			
1 equity investments in:	196,885,117	196,885,117	—
a) subsidiaries	1,326,918	1,326,918	—
b) associates	1,000,000	2,000,000	(1,000,000)
e) other companies	199,212,035	200,212,035	(1,000,000)
Total			
2 receivables:			
e) debts due to others			
- within 12 months	363,460	384,080	(20,620)
- after 12 months	—	—	—
Total	363,460	384,080	(20,620)
Total	199,575,495	200,596,115	(1,020,620)
TOTAL FIXED ASSETS (B)	524,756,590	382,577,716	142,178,875

AC MILAN

Financial Statements at 30 June 2022 (2/5)

(in thousands of Euros)

BALANCE SHEET

ASSETS

	30.06.2022	30.06.2021	Change
C) WORKING CAPITAL:			
I INVENTORIES			
Total	—	—	—
II RECEIVABLES			
1 from customers	49,715,100	47,959,310	1,755,790
2 from subsidiaries	8,194,669	26,199,864	(18,005,195)
3 from associates	—	181,250	(181,250)
4 from parent companies	—	—	—
5 from companies subject to parent companies' control	—	—	—
5 bis tax receivables			
a) within 12 months	126,089	12,319	113,770
b) beyond 12 months	418,879	418,879	—
5 ter deferred tax assets	944,326	1,138,594	(194,268)
5 quater from others	2,765,591	908,413	1,857,178
6 receivables from entities - specific sector			
a) within 12 months	21,421,403	39,047,091	(17,625,688)
b) beyond 12 months	9,308,884	19,775,645	(10,466,761)
Total	92,894,941	135,641,366	(42,746,425)
III FINANCIAL ASSETS (not included in fixed assets)			
8 financial assets for the centralised Treasury management	8,584,757	5,783,947	2,800,809
Total	8,584,757	5,783,947	2,800,809
IV CASH AND CASH EQUIVALENTS			
1 bank and postal deposits	28,764,168	17,448,345	11,315,824
3 cash in hand	27,279	32,759	(5,480)
Total	28,791,447	17,481,103	11,310,344
TOTAL WORKING CAPITAL (C)	130,271,145	158,906,416	(28,635,271)
D) ACCRUALS AND DEFERRALS			
1 accruals	737,003	—	737,003
2 deferrals	3,448,943	2,982,115	466,828
TOTAL ACCRUALS AND DEFERRALS (D)	4,185,946	2,982,115	1,203,831
TOTAL ASSETS	659,213,681	544,466,224	114,747,434

FINANCIAL STATEMENTS

AC MILAN Group

Financial Statements at 30 June 2022 (3/5)

(in thousands of Euros)

BALANCE SHEET

EQUITY AND LIABILITIES

	30.06.2022	30.06.2021	Change
A) SHAREHOLDERS' EQUITY			
I CAPITAL	113,443,200	113,443,200	—
II SHARE PREMIUM RESERVE	31,020,000	31,020,000	—
III REVALUATION RESERVES	125,454,000	—	125,454,000
IV LEGAL RESERVE	123,890	123,890	—
V ARTICLES OF ASSOCIATION RESERVES	—	—	—
VI OTHER RESERVES a)	5,000,000	86,950,444	(81,950,444)
VIII RETAINED EARNINGS (LOSSES)	(45,242,063)	(34,249,948)	(10,992,115)
IX PROFIT (LOSS) FOR THE PERIOD	(92,297,797)	(97,942,559)	5,644,762
X NEGATIVE RESERVE FOR OWN SHARES IN PORTFOLIO	—	—	—
TOTAL SHAREHOLDERS' EQUITY (A)	137,501,229	99,345,027	38,156,203
B) PROVISIONS FOR RISKS AND CHARGES			
4 other	71,529,254	18,303,938	53,225,316
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	71,529,254	18,303,938	53,225,316
C) EMPLOYEE LEAVING ENTITLEMENTS	1,162,046	932,670	229,377
PAYABLES			
4 financial payables	51	51	—
5 payables to other financial institutions	—	—	—
a) within 12 months	21,771,058	70,449,982	(48,678,923)
b) beyond 12 months	45,152,892	13,392,572	31,760,320
7 trade payables	—	—	—
a) within 12 months	48,577,733	44,973,688	3,604,045
b) beyond 12 months	1,675,000	1,375,000	300,000
9 payables to subsidiaries	193,897,056	160,750,890	33,146,166
10 payables to associates	2,178,936	2,610,412	(431,476)
11 payables to parent companies	—	—	—
11 bis payables to companies subject to parent companies' control:	—	—	—
12 tax payables	29,995,353	22,187,066	7,808,287
13 payables to pension funds and social security agencies	5,815,223	3,543,948	2,271,275
14 other payables	22,305,039	22,131,262	173,777
15 payables to entities – specific sector	—	—	—
a) within 12 months	32,939,517	30,582,670	2,356,848
b) beyond 12 months	17,598,223	28,913,237	(11,315,014)
TOTAL PAYABLES (D)	421,906,082	400,910,778	20,995,304
E) ACCRUALS AND DEFERRALS			
1 accruals	29,150	40,166	(11,016)
2 deferrals	27,085,919	24,933,647	2,152,273
TOTAL ACCRUALS AND DEFERRALS (E)	27,115,069	24,973,812	2,141,257
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	659,213,681	544,466,224	114,747,457

AC MILAN Group

Financial Statements at 30 June 2022 (4/5)

(in thousands of Euros)

INCOME STATEMENT

	FY 2021/2022	FY 2020/2021	Change
A) VALUE OF PRODUCTION			
1 Revenues from sales and services			
a) match revenues	31,625,810	—	31,625,810
b) season tickets	—	—	—
c) revenues from other competitions	235,000	—	235,000
Total	31,860,810	—	31,860,810
5 other revenues and income			
b) sponsorship revenues	30,972,013	27,868,009	3,104,004
d) commercial revenues and royalties	8,681,474	6,596,590	2,084,884
e) income from the sale of broadcasting rights:			
- audiovisual income from participation in national competitions	88,728,627	121,857,235	(33,128,608)
- audiovisual income from participation in other competitions	44,271,690	16,403,997	27,867,693
f) sundry income	6,654,101	8,975,474	(2,321,373)
g) revenues from player loans	1,660,726	63,171	1,597,555
h) gains from the sale of player registration rights	5,569,920	20,184,678	(14,614,758)
i) other income from player management	3,226,641	8,133,006	(4,906,365)
l) revenues and other income	16,789,525	34,753,026	(17,963,501)
Total	206,727,982	244,835,185	(38,107,203)
TOTAL VALUE OF PRODUCTION (A)	238,588,792	244,835,185	(6,246,393)
B) COST OF PRODUCTION			
6 for raw materials, ancillary materials, consumables and goods	2,975,184	3,306,951	(331,767)
7 for services	64,554,912	61,303,532	3,251,380
8 for use of third-party assets	11,769,629	9,743,302	2,026,327
Total	79,299,725	74,353,784	4,945,941
9 personnel:			
a) salaries and wages	153,602,175	154,804,489	(1,202,314)
b) social security costs	6,332,355	5,826,684	505,671
c) employee leaving entitlements	1,687,682	1,367,047	320,635
e) other costs	273,049	240,280	32,769
Total	161,895,261	162,238,500	(343,239)
10 amortisation, depreciation and write-downs			
a) amortisation of intangible assets	65,077,259	73,481,396	(8,404,137)
b) depreciation of tangible assets	826,759	476,655	350,104
c) other write-downs of fixed assets	8,006,816	1,863,729	6,143,087
d) write-down of receivables included in working capital and in cash and cash equivalents	—	15,256	(15,256)
Total	73,910,834	75,837,037	(1,926,203)
12 provisions for risks	7,419,557	7,952,100	(532,543)
14 sundry management expenses			
a) various match organisation expenses	216,931	148,526	68,405
b) match registration costs	20,020	3,000	17,020
c) percentage paid to visiting teams	—	—	—
d) costs for acquisition of players on loan	7,442,652	11,820,550	(4,377,898)
e) losses from the sale of player registration rights	2,456,085	2,224,233	231,852
f) other expenses from player management	499,605	2,139,876	(1,640,271)
g) other sundry management expenses	4,702,610	5,820,749	(1,118,139)
Total	22,757,460	30,109,034	(6,819,031)
TOTAL COSTS OF PRODUCTION (B)	337,863,280	342,538,354	(4,675,074)
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A - B)	(99,274,488)	(97,703,169)	(1,571,319)

FINANCIAL STATEMENTS

AC MILAN Group

Financial Statements at 30 June 2022 (5/5)

(in thousands of Euros)

INCOME STATEMENT

	FY 2021/2022	FY 2020/2021	Change
C) FINANCIAL INCOME AND (EXPENSES)			
15 income from equity investments			
a) in subsidiaries	10,003,300	3,100,000	6,903,300
16 other financial income			
d) income other than the above:			
- other	97,011	1,116,630	(1,019,619)
Total	10,100,311	4,216,630	5,883,681
17 interest and other financial expenses			
a) from subsidiaries	(1,661,509)	(1,499,074)	(162,435)
d) other financial expenses	(3,567,514)	(4,213,462)	645,947
Total	(5,229,023)	(5,712,536)	483,512
17 bis foreign exchange gains and losses:			
a) exchange gains	1,444	2,177	(733)
b) exchange losses	(104,521)	(6,011)	(98,510)
Total	(103,077)	(3,833)	(99,244)
TOTAL FINANCIAL INCOME AND (EXPENSES) (C)	4,768,211	(1,499,739)	6,267,949
D) VALUE ADJUSTMENTS OF FINANCIAL ASSETS			
19 write-downs			
a) equity investments	(1,000,000)	(642,873)	(357,127)
Total	(1,000,000)	(642,873)	(357,127)
TOTAL ADJUSTMENTS IN VALUE OF FINANCIAL ASSETS (D)	(1,000,000)	(642,873)	(357,127)
RESULT BEFORE TAX	(95,506,277)	(99,845,781)	4,339,503
20 current, deferred and prepaid income taxes			
a) current taxes	3,402,788	2,052,501	1,350,287
b) deferred and prepaid taxes	(194,308)	(149,280)	(45,028)
Total	3,208,480	1,903,221	1,305,259
PROFIT (LOSS) FOR THE PERIOD	(92,297,797)	(97,942,559)	5,644,762

for the Board of Directors The Chief
Executive Officer Ivan Gazidis

AC MILAN Group

Financial Statements at 30 June 2022

(in thousands of Euros)

CASH FLOW STATEMENT	Amount at 30.06.2022	Amount at 30/06/2021
A. CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT METHOD)		
Profit/(loss) for the year	- 92,297,797	97,942,610
Income taxes	- 3,208,520	1,903,221
Interest expense (interest income)	5,235,104	4,599,739
(Dividends)	- 10,003,300	3,100,000
(Gains) Losses on disposal of assets	- 200	-
1. Profit (loss) for the year before income taxes, interest, dividends and gains/losses on disposals	- 100,274,713	- 98,346,092
Adjustments for non-monetary items not offset in net working capital		
Provisions	9,107,239	9,319,147
Depreciation and amortisation expense	65,904,018	73,958,055
Impairment losses	8,006,816	1,863,730
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve cash flows	-	-
Other adjustments for non-cash items	-	-
2. Cash flow before changes in NWC	- 17,256,640	- 13,205,160
Change in net working capital		
Decrease (Increase) in inventories	-	-
Decrease (Increase) in receivables from customers	- 1,755,789	1,637,516
Increase (Decrease) in payables to suppliers	3,819,440	5,802,889
Decrease (Increase) in accrued income and prepayments	- 1,203,830	1,085,195
Increase (Decrease) in accrued expenses and deferred income	2,141,256	6,751,956
Other changes in net working capital	35,563,843	11,526,878
3. Cash flow after changes in NWC	21,308,280	5,350,060
Other adjustments		
Interest received (paid)	- 5,235,104	4,599,739
(Income taxes paid)	-	-
Dividend income	10,003,300	3,100,000
(Use of provisions)	- 15,038,021	15,648,934
Other income/(payments)	-	-
CASH FLOWS FROM OPERATING ACTIVITIES(A)	11,038,455	- 22,498,722
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Tangible fixed assets		
(Investments)	4,114,000	1,425,565
Disinvestments	- 346,000	-
Player registration rights	-	-
(Acquisitions) player registration rights	- 47,517,119	58,698,784
Disposals players' registration rights	11,130,222	-
Decrease/(Increase) in receivables due to disposals of players' registration rights	28,092,449	3,060,319
Decrease/(Increase) in payables due to disposals of players' registration rights	- 8,967,955	16,314,367
Other intangible fixed assets		
(Investments)	- 97,719	-
Disinvestments	-	3,576,949
Financial fixed assets		
(Investments)	20,619	2,465,221
Disinvestments	-	-
Current financial assets		
(Investments)	- 2,800,810	178,827
Disinvestments	-	-
(Acquisition of business units net of cash and cash equivalents)	-	-
Disposal of business units net of cash and cash equivalents	-	-
CASH FLOW FROM INVESTING ACTIVITIES(B)	- 16,372,313	- 78,208,480
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Third-party financing		
Increase (Decrease) in short-term payables to banks	-	5,960
New financing	28,562,805	20,067,100
Loan repayments	- 16,918,604	-
Shareholder loan	-	-
New financing	-	-
(Loan repayments)	-	-
Own funds		
Paid capital increase	5,000,000	129,500,000
(Repayment of capital)	-	-
Sale (Buyback) of own shares	-	-
(Dividends and interim dividends paid)	-	-
Other income (expenditure) from financing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES (C)	16,644,201	109,426,940
Increase (Decrease) in cash and cash equivalents	11,310,343	8,719,738
Exchange rate effect on cash and cash equivalents		
Cash and cash equivalents - opening balance	-	-
Bank and postal deposits	17,448,345	8,728,320
Cheques	-	-
cash in hand	32,759	33,046
Total cash and cash equivalents - opening balance	-	-
Of which not freely usable		
Cash and cash equivalents - closing balance	-	-
Bank and postal deposits	28,764,168	17,448,345
Cheques	-	-
cash in hand	27,279	32,759
Total cash and cash equivalents - closing balance	-	-
Of which not freely usable	-	-
Rounding difference	-	-

for the Board of Directors
The Chief Executive Officer
Ivan Gazidis



NOTES



A.C. MILAN S.P.A.

Registered office: Via Aldo Rossi, 8 - 20149 Milan

Secondary offices: Via Milanello, 25 - 21040 Carnago (VA)

Via dei Missaglia, 17 - 20142 Milan — Via dei Fontanili, 61/63 - 20017 Rho (MI)

Share Capital: Euro 113,443,200.00 fully subscribed and paid,

comprising 218,160,000 shares, each with a nominal value of Euro 0.52.

Tax ID and Milan, Monza and Brianza e Lodi Companies' Registry Registration: 01073200154

FINANCIAL STATEMENTS AT 30 JUNE 2022

NOTES

General information

A.C. Milan S.p.A. (“the Company”) is a joint stock company incorporated in Italy and entered in the Milan Companies Register. Its registered office is located in 8 Via Aldo Rossi, 20149 Milan. The Company's sole purpose is the pursuit of sporting activities and in particular, the training, the preparation and management of football teams and the promotion and organisation of competitions, tournaments and all other football activities in general, for the purposes and in compliance with the rules and guidelines of the Italian Football Federation and its Bodies (the "FIGC").

Structure and content

These financial statements have been prepared in accordance with the provisions of the civil code as amended by Legislative Decree 139/2015 (the “Decree”), interpreted and amended by the Italian accounting standards as issued by the National Accounting Body (“OIC”) which were updated following the enactment into Italian law of Directive 2013/34/EU (the “ Accounting Directive”).

The financial statements comprise the Balance Sheet (prepared in accordance with the model contained in Articles 2424 and 2424bis civil code), the Income Statement (prepared in accordance with the model in Articles 2425 and 2425a civil code), and the Cash Flow Statement (the content of which, in accordance with Article 2425ter civil code, has been presented in accordance with national accounting standard OIC 10) and these Notes (which provide the information required by Article 2427 civil code). In accordance with Article 2423 civil code, the general principles of clarity and truthful/accurate representation of the Company’s financial situation and its results for the year, have been observed.

The recognition, valuation, presentation and information of these items may differ from the contents of the mandatory provisions, in cases in which failure to comply with those provisions would have a negligible effect on the truthful/accurate representation of the Company’s financial situation and its results for the period. To this end, information is considered relevant, from a qualitative and/or quantitative viewpoint, when its omission or incorrect indication may reasonably influence the decisions made by users on the basis of the company's Financial Statements. Further specific criteria used to explain the concept of non-materiality are detailed for individual financial statement items when they apply. The materiality of individual items is assessed in the context of other similar items.

Moreover, the principles provided for by Article 2423-bis of the civil code were complied with as detailed below. The valuation of the items was carried out in accordance with the general principles of prudence and the going concern assumption, for the reasons outlined in the specific paragraph of these notes, as well as taking into account the economic substance of the transaction or arrangement. Therefore, the economic substance of each transaction or event and, in any case, of each company event, was identified – notwithstanding its origin – and the interdependency of several agreements that refer to complex transactions was assessed.

The profits indicated on the financial statements for the financial year are only those earned on the closing date.

Revenues and charges recorded refer to the period, notwithstanding their collection or payment date.

Consideration was given to the risks and losses pertaining to the year even if known after year-end.

Heterogeneous elements included in individual items were valued separately.

Additional information considered necessary to give a true and fair view has also been provided, even if not specifically required by law.

The numbering used in the models contained in Articles 2424 and 2425 civil code, has been faithfully reproduced. Consecutive numbering has not been used for items identified by Arabic numerals with no value. As a result, each individual item will always be allocated the same number, making it easy to compare the financial and income statement positions for different periods. The Balance Sheet and Income Statement indicate the changes in the various items. The Notes provide comments limited to the main items.

The “Attachments” section which forms an integral part of these Notes contains the schedules of the mandatory information required by the regulations, and other information considered useful in providing a clear, comprehensive picture of these financial statements at 30 June 2022.

Measurement criteria and accounting principles

The financial statements at 30 June 2022 were prepared on the basis of the principles of clarity, accurate and truthful representation of the financial situation of the Company and of the profit or loss for the period, in accordance with Article 2423, second paragraph, of the Italian Civil Code. The consolidated financial statements to 30 June 2022 were prepared in accordance with the general principles of prudence, accrual, and on a going-concern basis, and also took into account the economic function of the asset and liability items.

The valuation criteria of various financial statement items comply with the provisions of Article 2426 of the civil code and the reference accounting principles. Budget assumptions include continuity with the previous financial year with respect to the application of the valuation criteria adopted to prepare the Financial Statements.

As also required by the first paragraph of Article 2423-ter of the Civil Code, in view of the nature of the Company's business, the instructions issued by the Italian Football Federation (FIGC) and the Committee for the Supervision of Italian Football Clubs (“Covisoc”) have also been taken into consideration.

There were no derogations (Article 2423 (4) civil code) in the drafting of the consolidated financial statements to 30 June 2022.

The most significant valuation criteria and first-implementation rules adopted are detailed below.

Intangible fixed assets

Intangible assets are recognised as assets when they can be individually identified and their cost can be estimated in a sufficiently reliable way. They are recognised at purchase or production cost, including ancillary charges net of amortisation and write-downs. Fixed assets are systematically amortised on the basis of their estimated future life.

Multi-year charges were registered as assets because:

- their future useful life is demonstrated;
- there is an objective link with the relevant future benefits that the Company shall enjoy;
- their recovery can be estimated with reasonable certainty.

Player registration rights

These are intangible assets with a defined useful life equal to the term of the sports contracts signed with players.

Multi-year player registration rights are recorded at their historic purchase price inclusive of any directly attributable ancillary charges and, where appropriate, time-discounted to take into account the deferral of payments over more than one financial period.

The amounts were stated net of amortisation charges, calculated on a straight-line basis in relation of the duration of the contracts signed with individual professional players.

With regard to the recognition in accounts fees for services rendered to the Club by sports agents, in accordance with the industry regulations connected to the transfer of player registration rights or contract renewals:

- in the absence of conditions precedent (for example the player remaining registered with the Club), these fees are capitalised because they constitute a transaction cost for the purchase of the registration rights;
- if they are conditional on the player remaining registered with the Club or relate to services performed for the temporary acquisition or transfer (definitive or temporary) of the right, the fees are instead recognised each time in the income statement.

Player registration rights are recognised on the date when the contract is signed. That date, pursuant to Article 1360 Italian Civil Code, becomes the retroactive date of effectiveness of the ratification by the Lega Nazionale Professionisti Serie A of national transfers, or the issuance of the international transfer certificate (I.T.C.) by the Italian Soccer Federation (FIGC) for international transfers, through the FIFA "T.M.S." system.

Amortisation starts from the year when the player is registered. For rights acquired during the year, amortisation starts from the date when the player is available, on a time accrual basis.

The original amortisation schedule is amended if a contract is extended due to its early renewal. The new amortisation schedule takes account, on a straight-line basis, of the net book value of the rights at the date of extension of the contract and of the new duration of that contract.

If there is no contractual provision regarding the effective date of the contract, the date for the accounting recognition is the date on which the Lega Nazionale Professionisti Serie A ratifies the contract for national transfers, or from the effectiveness of the issuance of the international transfer certificate by the Italian Soccer Federation (FIGC) for international transfers, through the FIFA "T.M.S." system.

The item Player registration rights also includes the costs incurred by the Company for the registration of players from amateur football clubs, or foreign clubs that have contributed to the technical training of the players. In particular, the following are recognised:

- technical training and coaching bonuses, pursuant to Article 99 NOIF, paid to amateur football clubs following the signing of the first "professional" contract by players from those clubs. These costs are amortised on a straight-line basis over the duration of the contracts signed with the individual players;

- the training compensation and/or solidarity mechanism payments made, pursuant to FIFA regulations, to football clubs following definitive or temporary transfers of players registered with foreign clubs. These costs are amortised on a straight-line basis over the duration of the contracts signed with the individual players.

Concessions, licences, trademarks and similar rights

These are recognised at acquisition cost and relate to the user rights to the historical archive of television images of the Company, which have a finite useful life as they have a period of economic use, in addition to the expenses for the creation and registration of company trademarks and the acquisition of software licenses, which are amortised on a straight-line basis over their estimated future useful life. This item also includes the “A.C. Milan” trademark, which was revaluated at 30 June 2022 in compliance with Decree-Law 104/2020.

Other intangible fixed assets

These specifically refer to leasehold improvements amortised over the term of the related contract.

Tangible fixed assets

The are recorded at the purchase cost effectively paid to acquire the asset and are recognised on the date on which the transfer of risks and benefits takes place, which usually coincides with the transfer of title. This cost includes the purchase cost, ancillary purchase costs and all costs incurred to bring the asset to the location and in the conditions required for it to be a long-term asset for the Company.

Tangible fixed assets with a limited useful life are systematically depreciated on a straight-line basis based on their residual useful life.

The depreciation charge for each financial year refers to the distribution of the cost incurred over the entire duration of use.

For assets purchased during the financial year, the depreciation charge is reduced by 50%.

The basis for depreciation, initially estimated upon drafting the depreciation schedule based on the prices achievable on the market through the disposal of similar assets both in terms of technical features and the type of use to which they have been subject, is periodically reviewed in order to verify that the initial estimate is still valid. This amount is considered net of presumable removal costs.

If the tangible asset includes components or accessories with a useful life other than that of the principal asset, the depreciation of such components is calculated separately from that of the principal asset, unless this is not material or feasible.

The annual depreciation rates used, unchanged from the previous year, are shown in the table below:

Asset	Rate
Plant and machinery	7.5% - 25.0% -30.0%
Industrial and commercial equipment	15.5%
Furniture and fittings	12.0%
Electrical office equipment	20.0%
Vehicles	25.0%

Ordinary maintenance costs are charged in full to the income statement. Improvement-related maintenance costs are allocated to the related assets and depreciated over their remaining useful life.

Impairment losses for intangible and tangible assets

Impairment losses for intangible and tangible assets are posted pursuant to the provisions of the OIC 9 Accounting Standard.

The Company assesses at each financial statements date whether objective evidence exists that an asset has incurred an impairment loss. If such evidence exist, it estimates the recoverable value of the asset.

In particular, if the recoverable value of an asset (that is the greater out of its use value and fair value) is lower than its book value, the asset is posted at such lower value. The difference is recognised in the income statement as an impairment loss under item B10c). If, in the subsequent financial years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation/amortisation, and recognised in the income statement under item A5).

In absence of evidence of potential impairment losses, the recoverable amount is not determined. The write-back is made if the reasons for the impairment losses no longer exist and takes place to the extent of the value that the asset would have had, had the value adjustment not been performed. The impairment of goodwill cannot be restored.

With specific reference to player registration rights, if there are indications of value impairments (for example serious injuries or significant losses from post-year end sales, and contractual market conditions that prohibit the sales of players who are surplus to requirements) (“impairment”) of the residual book value.

Financial fixed assets

Equity investments in subsidiaries, associates, parent companies and other companies

Equity investments are recognised as financial assets if they are expected to be part of the Company’s long-term investment portfolio, otherwise they are recognised in Working capital.

Equity investments are recognised at purchase or establishment cost, including any ancillary costs. The cost incurred when purchasing an investment booked as a fixed asset is maintained in the financial statements of the subsequent financial years, unless an impairment loss occurs. The Company assesses at each financial statements date whether objective evidence exists that an asset has incurred an impairment loss. The impairment loss is determined by comparing the value the equity investment was recorded at in the financial statements with the relevant recoverable value, calculated on the basis of the future benefits expected for the investor. The impairment loss is not maintained if the reasons for the adjustment made no longer apply.

Receivables

Receivables are carried at the amortised costs, time-adjusted, to the extent of their expected realisable value and, therefore, they are shown in the balance sheet net of the relevant provisions for doubtful accounts deemed adequate to cover reasonably predictable losses due to uncollectability.

If the transaction's interest rate is not markedly different from the market rate, the receivable is initially recognised at a value equal to the nominal value net of all premiums, discounts, allowances and inclusive of any costs directly attributable to the transaction that generated the receivable. The aforementioned transaction costs, any commission income and expenses and any difference between the initial value and the nominal value at maturity are distributed along the life of the receivable using the effective interest method.

When, on the other hand, the interest rate for the transaction that can be inferred from contractual conditions is markedly different from the market rate, the receivable (and the relevant income in the case of commercial transactions) is initially posted at a value equal to the present value of estimated future cash flows plus any transactions costs. The rate used to discount future cash flows is the market rate.

In the case of receivables from commercial transactions, the difference between the thus determined initial recognition value of the receivable and the value upon maturity is posted to the income statement as financial income throughout the life of the loan, using the effective interest rate method. In the case of financial receivables, the difference between the liquidity disbursed and the current value of future financial flows, always determined using the market interest rate, is recognised in financial expenses or income in the income statement upon their initial recognition, unless the substance of the transaction or of the agreement attribute a different nature to this component. Subsequently, the active interest accruing on the transaction is calculated at the effective interest rate and posted to the income statement with the value of the receivable as a contra-entry.

The value of the receivables is then subsequently reduced by the amounts received both as capital and as interest, as well as by any write-downs effected to readjust the receivables to their expected realisable value or due to losses.

The Company assumes that effects resulting from the implementation of the amortised costs and the discounting are not material when receivables are due within 12 months, taking into account that all contractual and substantial considerations that apply upon recognition of the receivable, as well as all transaction costs and any difference between the initial value and the nominal value at maturity are also negligible. In this case, discounting can be omitted, the interest can be calculated on the capital and transaction costs registered as deferred expenses and amortised on a straight-line basis over the duration of the receivable to adjust nominal interest income.

It should be noted that the Company took advantage of the option – provided for by Article 12 of Italian Legislative Decree 139/2015 – to apply the amortised cost only to receivables that have arisen after 1 January 2016.

Write-off of receivables

A receivable is written off from the Financial Statements when:

- the contractual rights on the financial flows arising from the receivable are extinguished; or

- the ownership of the contractual rights arising from the receivable is transferred and, with it, the risks linked to the receivable area also essentially transferred.

For the purposes of the valuation of the transfer of risks, all contractual clauses are taken into account, such as repurchase obligations at the occurrence of certain events or the presence of commissions, excesses or penalties due for non-payment.

When the receivable is written off from the financial statements as a result of a disposal transaction that entails the substantial transfer of all risks, the difference between the price and the value the receivable was recognised at the time of disposal is recognised as disposal loss to be posted under item B14) of the income statement, unless the contract does not allow the identification of other economic components of different nature, including financial.

When the sale agreement does not include the transfer of all risks (e.g. agreements with total recourse), the account receivable is kept on the financial statements. If part of the consideration agreed by the transferee is paid in advance, a financial receivable is recorded as counterparty of the advance received. Cost elements, such as interest and commission, to be paid to the transferee, are recorded in the income statement depending on their nature.

When, also by virtue of a disposal contract that can substantially transfer all risks linked to the receivable, minimal risks for the Company can be identified, the presence of the conditions required to effect a relevant provision to the risk provision is assessed.

Cash and cash equivalents

Bank deposits, post office deposits, and cheques (current account, bank drafts and similar), and are measured according to the general principle of the estimated realisable value, unless the collection of such receivables is very doubtful.

Cash and revenue stamps, measured at their nominal amount.

Cash pooling, consisting in the centralised treasury management by one company within a Group, enables the optimisation of financial resources and is characterised by receivable and payable items towards the company managing the aforementioned cash pooling, respectively for collections from and deposits to the joint current account. Individual companies that participate in centralised treasury management recognise the receivables generated in the item “Financial assets for centralised treasury management” with an indication of the counterparty, which can be the subsidiary of the parent company, in Financial assets that do not constitute long-term investments. If the receivables are not due within one year, they are classified as financial fixed assets. Any such revaluations and write-downs are posted to the income statement under “Write-down of financial assets due to centralised treasury management” and “Revaluation of financial assets due to centralised treasury management”, indicating the counterparty. Any debt position arising from centralised treasury management shall be classified based on the provision of OIC 19 “Debts”.

Accruals and deferrals

The items include the portions of costs and revenues that are common to two or more financial years, based on the accruals principle. This principle provides that an accrual or a deferral is recognised when the following conditions are met:

- the contract starts in one financial year and ends in a subsequent one;
- the consideration for the services provided is contractually due in advance or in arrears compared to performance common to two or more subsequent financial years;
- the size of accruals and deferrals varies over time.

Accruals and deferrals do not include costs and revenues that accrued in full in the period to which the Financial Statements refer or in subsequent ones.

At the end of each financial year, the Company assesses whether the conditions that determined

the initial recognition of the accrual or the deferral still apply; if necessary, the required value adjustments are effected. This assessment takes into account not only the passage of time, but also the estimated recoverability of the amount posted to the Financial Statements.

Shareholders' Equity

This item recognises all capital transactions effected between the Company and the individuals who exercise their rights and duties as Shareholders. The share capital increase may only be recognised in the accounts after the transaction has been recorded in the companies' registry, as provided for by Article 2444, paragraph 2, civil code. This condition entails, from an accounting viewpoint, the need to use a Shareholders' equity item other than "Equity" in order to recognise the capital contributions subscribed by the Shareholders, which are only reclassified under that item after the transaction has been registered in the companies registry.

Any decrease in the share capital due to the withdrawal of a Shareholder entails an obligation for the Company to purchase his/her shares in order to reimburse him/her, if they are not acquired by other Shareholders; from an accounting viewpoint, a negative provision is registered under the item AX) "Negative reserve for treasury shares in the portfolio". The difference between the reduction in Shareholders' equity and the claim against the outgoing shareholder is channelled to a provision.

If a shareholder defaults, the share capital is reduced by an amount corresponding to the cancelled shares, which from an accounting point of view reverses the amount due from the outgoing shareholder (as to the tenths still payable by him), and the difference between the reduction in shareholders' equity and the claim against the outgoing shareholder is paid into a reserve.

Provisions for risks and charges

Provisions for risks are recognised for specific liabilities that are probable and whose values are estimated. Therefore, they are contingent liabilities linked to conditions that already existed at the date of the Financial Statements, but that were characterised by a degree of uncertainty, whose outcome depends on the occurrence of one or more future events.

Provisions for charges are recognised for liabilities of a specific nature and certain existence, estimated as to their amount or date of occurrence, linked to obligations already assumed at the Financial Statements' date, but which will be collected in subsequent financial years.

Provisions are quantified based on estimates that take into account all available information, in compliance with the principles of accruals and prudence. These elements can also include the time horizon when at the Financial Statements' date there is a known commitment, on the basis of a contractual or legal obligation, whose disbursement can be reliably estimated and whose occurrence can be reasonably determined, that is sufficiently distant in time so as to make its current value at the date of the Financial Statements significantly different from the one estimated at the time of disbursement.

No generic risk funds without economic justification were set up.

Potential liabilities, if any, are posted to the Financial Statements and registered in the provisions only if they are deemed probably and if the amount of the relevant expense can be reasonably estimated. As a result, remote risks were not taken into account, whereas for contingent liabilities that are deemed possible, even if unlikely, information about the uncertainty situation, where relevant, that the loss would cause, as well as the estimated amount or the indication that such amount cannot be estimated, other possible effects, if not apparent, the indication of the management's opinion and that of its legal and other advisers, where available.

With respect to classification, the provisions for risks and charges are initially registered in the income statement items of the relevant classes Per (B, C or D), depending on their nature. If the link between the nature of the provision and one of the aforementioned classes is not immediately apparent, provisions for risks and charges are posted to items B12) and B13) of the income statement.

Employee leaving entitlements

Italian Law no. 296 of 27 December 2006, (2007 Finance Act) introduced new rules for employee leaving entitlements accruing from 1 January 2007. As a result of the Supplementary Pension Reform:

- employee leaving entitlements accrued up to 31 December 2006 remain in the company;
- employee leaving entitlements accruing from 1 January 2007, at the employee's discretion, either through explicit or tacit agreement, have been:
 - allocated to supplementary pension schemes;
 - remained with the company, which transferred the employee leaving entitlements to the I.N.P.S.'s Treasury Fund.

The amounts accrued from 1 January 2007 are still shown in the income statement item B9c) "Employee leaving entitlements". In the balance sheet, item C) "Employee leaving entitlements" represents the remainder of the provision outstanding at 31 December 2006, while item D13) "Payables to pension funds and social security agencies" shows the payable accrued at 30 June 2022 for the employee leaving entitlements still to be paid to the pension funds and social security agencies.

Payables

Payables are recorded in the Financial Statements using the amortised cost method, on a time-adjusted basis.

If the transaction's interest rate is not markedly different from the market rate, the payable is initially recognised at a value equal to the nominal value net of all premiums, discounts, allowances and inclusive of any costs directly attributable to the transaction that generated the debt. The aforementioned transaction costs, such as accessory costs to obtain loans, any commission income and expenses and any difference between the initial value and the nominal value at maturity are distributed along the life of the payable using the effective interest method.

When, on the other hand, the interest rate for the transaction that can be inferred from contractual conditions is markedly different from the market rate, the payable (and the relevant cost in the case of commercial transactions) is initially posted at a value equal to the present value of estimated future cash flows plus and considering any transactions costs. The rate used to discount future cash flows is the market rate.

In the case of payables from commercial transactions, the difference between the thus determined initial recognition value of the payable and the value upon maturity is posted to the income statement as borrowing costs throughout the life of the loan, using the effective interest rate method. In the case of financial payables, the difference between the liquidity disbursed and the current value of future financial flows, always determined using the market interest rate, is recognised in financial income or expenses in the income statement upon their initial recognition, unless the substance of the transaction or of the agreement attribute a different nature to this component. Subsequently, the interest expense accruing on the transaction is calculated at the effective interest rate and posted to the income statement with the value of the payable as a contra-entry.

The value of the payables is then subsequently reduced by the amounts paid both as capital and as interest, as well as by any write-downs effected to readjust the receivables to their expected realisable value or due to losses.

The Company assumes that effects resulting from the implementation of the amortised costs and the discounting are not material when payables are due within 12 months, taking into account that all contractual and substantial considerations that apply upon recognition of the payable, as well as all transaction costs and any difference between the initial value and the nominal value at maturity are also negligible. In this case, discounting can be omitted, the interest can be calculated on the capital and transaction costs registered as deferred expenses and amortised on a straight-line basis over the duration of the receivable to adjust nominal interest expense.

Payables towards Group companies

Items D9), D10) and D11) include respectively payables to subsidiaries, associates and parent companies, as defined by Article 2359 of the civil code. These payables are shown separately in the balance sheet.

Item D11 bis) includes payables to companies subject to parent companies' control.

Revenues

Match revenues are recognised at the actual time of performance (when each match is played); Season pass sales, if collected at the end of the previous football season, are recognised on an accrual basis using the same rule (i.e. when each match is played).

Revenues from sponsorship are allocated pro rata according to the related contracts, which are signed on the basis of the FIGC soccer seasons. Sponsor premiums are recognised in the income statement on an accruals basis, depending on when the sports event to which they refer takes place.

Revenues from broadcasting license rights and subsequent use of images relating to home league matches are recognised on an accrual basis according to the football season to which they relate.

Revenues from service provision and expenses for their purchase are recognised on the date on which provision ended, or, for those governed by contracts with periodical payments, on the date such payments are due.

The revenues from the sale are recognised net of returns, discounts, allowances and premiums, as well as any taxes directly linked to the sale of the products and the provision of the services, and any adjustments to the revenues accrued during the year directly reduce the item "Revenues".

The item "Other revenues and income" includes non-financial positive income components solely due to additional management. This item includes any grants related to income.

Cost

Acquisition costs are recognised on an accruals basis.

The costs for raw materials, ancillaries, consumables and goods are inclusive of ancillary purchase costs (transport, insurance, loading and downloading, etc.) if included by the supplier in the purchase price, otherwise they are separately posted to service costs depending on their nature.

The costs include not only those whose amount is certain, but also those that are not yet documented, which have been specifically recognised in the Financial Statements.

Costs for bonuses due to players, coaches and technical personnel, for the achievement of pre-established sports results, and bonuses from sponsors are allocated to the income statement on an accrual basis, when the sporting event they relate to takes place.

Financial Income and Expenses

They include the positive and negative components of the economic result for the year linked to the Company's financial activity, and are recognised based on the accruals principle.

All revenues, with suitable indication of the relevant sub-items, are recognised on an accruals basis.

Dividends

Dividends are recognised at the time when, as a result of the Resolution adopted by the shareholders' general meeting of the subsidiary to distribute the profit, or the provisions, a collection right arises for the investor company. The dividend is recognised as financial income, independently from the nature of the reserves distributed. The investee company verifies that, following the distribution, the recoverable value of the equity investment has not diminished to such an extent as to require the recognition of an impairment loss.

Gains and losses

Gains and losses arising from the sale of multi-year player registration rights are classified under revenues and costs from the core business.

Gains and/or losses are calculated as the difference between the price agreed and the net carrying amount at the date of sale.

Current and deferred taxes and national tax consolidation

Taxes for the year are recognised in the income statement in the item “Current income taxes”. Direct taxes accrued for the period are recognised based on the estimate of taxable income, in line with legal provisions and current tax rates and considering any applicable exemptions.

Moreover, the analysis of the presence of any time difference between the asset and liability values and the corresponding values relevant for tax purposes and/or between the income components posted in the income statement and those taxable or deductible for the purposes of the calculation of tax for the period, as provided for by OIC 25.

In presence of taxable temporary differences, deferred tax liabilities are registered in the Financial Statements, with the exceptions detailed below and provided by OIC 25.

In presence of deductible timing differences, taxes are registered in the Financial Statements only if their future recoverability is reasonably certain.

If tax liabilities have occurred, deferred tax assets are calculated and registered against the future tax benefit linked to them and to the extent of the taxable result achievable in line with tax projections within a reasonable time scale.

Deferred tax assets and liabilities are calculated on the amount of all the timing differences for the financial year, applying the tax rates applicable during the financial year in which the timing differences will be taxed, as provided for by the tax regulations that apply at the date of the Financial Statements. If tax regulations do not set out the tax rates applicable to the period in which the timing differences shall be taxed, the Company calculates deferred taxes based on the rates applicable at the date of the Financial Statements.

Deferred tax assets and liabilities are not discounted.

For the purposes of classification in the Financial Statements, tax receivables and payables are offset against each other only if there is a legal right to pay the amounts recognised based on tax legislation and if there the intention to net financial receivables and payables with a single payment.

The remuneration of the tax losses of the companies in the consolidation area is recognised at the time that the losses are effectively utilised in the consolidation area (and are not subject to the taxation of future profits by the individual consolidated company), at the IRES rate applicable during the tax period in which the tax loss is carried forward to reduce the consolidated taxable income. The economic benefits arising from consolidation adjustments effected by the consolidating company, but relating to the consolidated company, are remunerated in favour of the aforementioned consolidated company.

The consolidation adjustments that generated benefits in the consolidated tax return are recognised on the income statement under “Fiscal income from consolidated taxation”, which is classified under “Current income taxes” with a contra-entry in the balance sheet, under “Receivables from subsidiaries”.

Change of accounting principles

Below is a description of the standards used when there are changes to voluntary accounting standards, and also to mandatory standards if different rules are not specifically required.

The change to an accounting standard is registered in the period in which it is adopted and the relevant events and transactions are treated in compliance with the new principle, which is applied with retroactive effect. This entails the accounting recognition of such effects on the opening balance of the Shareholders' equity for the year.

For comparison purposes only the opening balance of the Shareholders' equity of the previous year is adjusted and the comparative figures for the previous financial year are considered as if the new accounting standard had always been applied. However, when, after all reasonable efforts, it is not possible to determine the effect pertaining to the previous financial year, or when this calculation is excessively onerous, the Company does not restate figures.

Ultimately, when it is not possible to calculate the cumulative effect of the change of accounting standard of such calculation is too onerous, the Company applies the new accounting principle starting from the first possible date. When this date coincides with the start of the current financial year, the new accounting standard is applied on a forward-looking basis.

The effects resulting from the adoption of new accounting principles on the balance sheet, income statement and cash flow statement, where available, have been highlighted and commented in these notes in correspondence of the explanatory notes pertaining to the items in the Financial Statements that were impacted in a specific way.

This standard did not have significant effects on the financial statements for the year ended 30 June 2022.

Error correction

An error is registered at the time in which an incorrect qualitative and/or quantitative representation of a Financial Statement figure and/or an information provided in a note and, at the same time, information and data for its correct management is available. Correction of relevant errors is performed by rectifying the balance sheet item that was affected by the error at the time, charging the error's correction to the opening statement of the Shareholders' equity of the financial year in which the error is identified.

For comparison purposes only, when feasible, the Company corrects a material error for the previous year by restating comparable figures, whilst if an error relates to previous financial years, it is corrected by restating the opening balances of the previous financial year. When the cumulative effect of a material error cannot be restated for all previous financial years, the Company must recalculate comparable figures to correct the material error starting from the first feasible date.

Non-material errors committed in previous years are recognised in the income statement of the period in which the error is detected.

This standard did not have significant effects on the financial statements for the year ended 30 June 2022.

Conversion criteria for items in foreign currency

Pursuant to Article 2426, paragraph 1, no. 8 bis of the civil code, monetary assets and liabilities in currencies other than the functional currency in which the Financial Statements are presented (the so-called "accounting currency"), subsequently to initial recognition, are recognised at the spot exchange on the date of the end of the financial year. The resulting exchange-rate gains or losses are posted to the income statement at the items C17-bis) "Exchange-rate gains and losses" and any net profit, which contributes to the result for the period, is allocated to the dedicated reserve that cannot be distributed until realisation.

Non-monetary assets and liabilities in currencies other than the accounting one are recognised at the exchange rate applicable at the time of their purchase. When the exchange rate at the closing date of the period is markedly different from that at the purchase date, the exchange rate variance is one of the elements considered in the assessment process to determine the value that can be recognised in the financial statements for individual non-monetary assets. In this case, therefore, any (positive or negative) exchange rate differences contribute to the calculation of the recoverable value.

Exchange rates

The exchange rates used to translate the main items in foreign currency are:

		Period-end Exchange Rate 30/06/2022 (*)	Average Exchange Rate 2021/2022 (*)
U.S. dollar.	USD	1.0387	1.0566
Japanese Yen	JPY	141.54	141.5686
GB Pound	GBP	0.85820	0.85759
Swiss franc	CHF	0.9960	1.0245
Chinese Yuan	CNY	6.9624	7.0734

(*) Source: Bank of Italy Eurosystem.

Other information

Tax consolidation

The Company exercised the option to join the tax consolidation scheme (Articles 117-129 of Presidential Decree 917/86), as the consolidating entity, jointly with Milan Entertainment S.r.l., Milan Real Estate S.p.A. and Casa Milan S.r.l. as consolidated companies.

Consolidated Financial Statements

The Company has prepared its consolidated financial statements at 30 June 2022 in compliance with the law and the provisions introduced by UEFA Club Licensing Manual 2020 edition, part II, title V, Article 14.4.4, which require football clubs that exercise control over one or more companies, as in the case of A.C. Milan S.p.A., to produce consolidated financial statements subject to an independent audit.

Statutory audit of the accounts

The financial statements for the year ending 30 June 2022 were audited by the independent auditors EY S.p.A..

Statement of amounts

In accordance with Article 2423(5) civil code, the financial statements to 30 June 2022 were prepared in Euros, with no decimal places, apart from these Notes which show the values and related comments in thousands of Euros, unless indicated otherwise. It should be noted, however, that the Report on Operations is prepared in millions of Euro with one decimal place shown.

Disclosure on commitments, guarantees and contingent liabilities not included in the balance sheet

The note must detail the overall amount of the commitments, guarantees and contingent liabilities not included in the balance sheet, specifying the nature of any collateral provided, itemised in: a) existing pension and similar commitments; b) commitments towards subsidiaries, associates, as well as parent companies and companies subject to the latter's control.

Public funds - Information pursuant to Article 1, paragraphs 125-129 of law no. 124/2017

With reference to obligations on transparency and the disclosure of public funding regulated by article 1, paragraphs 125-129 of law no. 124/2017 as amended by the "security" decree law (no. 113/2018) and "simplification" decree law (no. 135/2018), introducing a number of disclosure and transparency obligations, starting from the 2018 financial reporting year, for entities that have economic relations with the Public Administration, in view of Assonime's interpretation in Circular no. 5 of 22 February 2019, which considers the regulation as non-applicable in the following cases:

- grants, contributions and economic benefits of any kind, of which the advantages are accessible to all enterprises that meet certain conditions, based on general, previously established criteria (for example: measures of ministerial decrees aimed at specific industrial sectors and at funding activities related to research and development projects);
- general measures that may benefit all enterprises and which come under the general structure of the reference system defined by the State (for example the mechanism to promote the reinvestment of profit, as provided for by A.C.E);
- public European/foreign resources;
- contributions from trade associations;
- interprofessional funds for training courses, considering that the Funds are provided through contributions made by the beneficiary companies, that are required to meet specific management criteria based on transparency.

During the 2021/2022 financial year, the Company declared that it had not received this type of contribution. Going concern

The company showed a loss for the period of Euro 92.298 million, positive Shareholders' Equity of Euro 137.501 million and a consolidated Net Financial Debt of Euro 218.730 million (of which Euro 221.197 million with subsidiaries).

During the financial year, the previous majority shareholder, Rossoneri Sport Investment Luxembourg S.à r.l., made capital contributions in favour of the Company for a total of Euro 5 million.

On 26 September 2022, the Company's current majority shareholder, ACM Bidco B.V., committed to financially assist the Company for a period of not less than 12 months from the date that the shareholders' general meeting of AC Milan approves the financial statements at 30 June 2022, in doing so reiterating the commitment already assumed towards the company on 31 August 2022 after the change of control.

Based on these considerations, the directors have prepared these financial statements on a going concern basis.

Significant events of the period**Capital payments**

During the 2021/2022 financial year, the Company's majority shareholder made capital contributions totalling Euro 5 million, which were necessary to cover current operating expenses and to strengthen its balance sheet.

Transfer Campaign 2021/2022

The transactions concluded during the 2021/2022 Transfer Campaign resulted in a net decrease in invested capital of Euro 32.3 million, deriving from additions of Euro 47.7 million, disposals of Euro 9.4 million (net book value of the rights sold) and write-downs of Euro 8 million. Amortisation for the year amounted to Euro 62.6 million Profit on disposal of player registration rights amounted to Euro 5.6 million, while loss on disposal amounted to Euro 2.5 million.

The player transfer deals completed during the summer window of the 2022/2023 Transfer Campaign, which began on 1 July and ended 1 September 2022, included permanent or temporary acquisitions of the players Alessandro Florenzi,

Junior Walter Messias, Divock Origi, Charles Marc De Ketelaere, Malick Thiaw, Sergino Dest, Aster Jan Vranckx, Leonardo D'Alessio, Hugo Francisco Quenca Martinez, Juan-Carlo Simic and Dariusz Piotr Stalmach.

The permanent and/or temporary disposals of player registration rights included those of Leonardo Campos Duarte Da Silva, Samuel Castillejo Azuaga, Frank Tsadjout.

It bears noting that in July 2022, the employment contracts of players Lenny Alexander Borges and Leroyil Abanda Mfono were terminated by mutual consent and the economic effects of the terminations have already been recognised in the financial statements at 30 June 2022.

Liquidation of AC Milan (Beijing) Sports Development Co. Ltd.

In February 2022, the liquidation proceedings and the consequent de-registration and cancellation of the subsidiary AC Milan (Beijing) Sports Development Co. Ltd. was completed. The subsidiary's banking relationships were also terminated and the repatriation of moneys was credited on 11 March 2022.

UEFA Licence

On 6 May 2022, the UEFA First Instance Licensing Committee, having examined the documentation produced by the Licence applicant in the framework of the granting process of the UEFA Licence for the 2022/2023 football season, decided to grant the Licence on the basis of the requirements provided for by the UEFA Licence Manual - Edition 2020, and as per Official Notice No. 244/A published on 9 May 2022.

Football Season

On 22 May 2022, the Serie A championship ended with Milan finishing top of the league table, guaranteeing access to the Group Stage of the 2022/2023 UEFA Champions League.

Super League

On 17 April 2021, the Company and eleven other clubs (the "Founding Clubs") formalised an agreement (the "Original Agreement") to create, subject to the fulfilment of certain conditions precedent, a twenty-team European competition called the "Super League" (the "SL Company") in which the first team of AC Milan would take part permanently as a founding club.

On 18 April 2021, the Company, together with eight other Founding Clubs, became a member, through the subscription of a share issue and payment of an amount of Euro 200 thousand, of the European Super League Company S.L.U. (the "SL Company"), i.e. the company incorporated under Spanish law set up for the purpose of creating and managing the proposed SL. Subsequently, as provided for in the agreements between the Founding Clubs, the Company made a further payment to Shareholders' Equity of the SL Company of Euro 1.8 million.

Following the public announcement of the planned creation of the SL, UEFA and other sports bodies affiliated to UEFA expressed their opposition to the creation of the SL and publicly announced the adoption of disciplinary sanctions against the Founding Clubs.

Following the termination, as provided for in the Original Agreement, of the SL project and the Original Agreement itself, the Company (together with certain other Founding Clubs) reached an amicable settlement with UEFA an amicable settlement of the matter (the "UEFA Agreement") and in this framework the Company has undertaken certain commitments towards UEFA including that of paying to the UEFA Foundation For Children, together with the other clubs that signed the agreement with UEFA, a total amount of Euro 15 million, divided among the various clubs pro rata, within 12 months of the signing of the agreement. On the basis of this agreement, the Company has also agreed that UEFA, in the next UEFA competition in which the Company qualifies (it being understood that the first season for this purpose will be the 2023/2024 season), shall retain 5% of the revenues due to the Company in relation to that season. The relevant provision has been recognised in accounts.

Following the achievement of the UEFA Agreement, the Company has learned from public sources that the Commercial Court of Madrid has issued an interim injunction, in the context of a case pending before that Court, ordering UEFA, inter alia, to annul certain aspects of the obligations undertaken towards it by the signatory clubs to the UEFA Agreement.

In a media statement dated 27 September 2021, UEFA informed the clubs that are signatories to the UEFA Agreement that it would not request payment of any of the amounts specified in the UEFA Agreement as long as the proceedings in the Madrid Commercial Court were pending.

The Company also learned from public sources that the court in Madrid had asked the European Court of Justice to decide whether some aspects of UEFA's and FIFA's conduct were in breach of EU law.

The Company also learned from public sources that, on 20 April 2022, the court in Madrid revoked the injunctions it had previously ordered against on 20 April 2021 while the main case remained still pending.

Brand Revaluation

In these financial statements for the year ended 30 June 2022, the Company has opted to remeasure its "Milan" trademarks (the "Trademark") under Article 110 of Decree-Law No. 104/2020, converted into law with amendments by Law No. 126/2020, the applicability of which was extended by Article 1bis of Decree-Law No. 41/2021 (converted into law with amendments by Law No. 69 of 21 May 2021). In this regard, the Company obtained a legal opinion from PwC TLS Avvocati e Commercialisti, which confirmed that the Company was eligible to apply this method as at 30 June 2022.

The Company's revaluation of the Trademark aims to identify its real value, thereby giving a true and fair representation of the Company's assets. The appraisal of the Trademark's value was

nevertheless made in adherence to the principles of prudence, reasonableness and demonstrability to exclude the risk of overvaluation. The Company obtained an expert opinion estimating the value of the Trademark from an independent expert with prominent market experience and reputation. The expert calculated the value of the Trademark using the royalty relief method based on the Company's 2022/2023 budget. The expert also used value control criteria and made conservative assumptions as described in more detail in the expert opinion.

The revaluation was conducted for statutory purposes only (with no tax effects) for an amount no greater than that indicated in the expert report, which the Company has kept on file. As a result of the revaluation, the Company recognised the Trademark (which was not previously recorded in its balance sheet) in the balance sheet under intangible assets for the amount of Euro 174 million, with a contra-entry made in an equity reserve for Euro 125 million and a deferred tax provision of Euro 49 million.

Significant events occurring after period end National licence

On 1 July 2022, Covisoc/FIGC, having examined the documents submitted by the Company, found that the conditions required for the National Licence for the 2022/2023 professional championship had been met, in accordance with Title I) of Official Communication no. 220/A of 27 April 2022.

UEFA Settlement

On 10 February 2022, the chairman of the First Chamber of the UEFA Club Financial Control Body ("CFCB First Chamber") opened a procedure with the Company under Article 12(1) of the Procedural rules governing the UEFA Club Financial Control Body ("Procedural Rules") – Edition 2021 to ascertain whether the Company complied with the UEFA Club Licensing and Financial Fair Play Regulation – Edition 2018 ("CL&FFP"). Specifically, the Company was notified that its deviation from the break-even requirements set forth in Articles 58 to 64 and 68 of the CL&FFP exceeded the permitted deviation.

On 31 August 2022, UEFA and the Company reached a settlement agreement through the CFCB First Chamber. Among other things, this agreement regulates the transition by the Company from the break-even parameters under the CL&FFP to the new rules (taking effect beginning the 2023/2024 season) set forth in the UEFA Club Licensing and Financial Sustainability Regulations Edition 2022 ("CL&FSR"), which came into force on 1 June 2022.

The Settlement Agreement aims to govern the reporting periods (reporting periods) ending 2022, 2023, 2024 and 2025 and the following four football seasons: 2022/2023, 2023/2024, 2024/2025 and 2025/2026. The relevant provision has been recognised in accounts.

UEFA has published an excerpt of the Settlement Agreement online, pursuant to the Procedural Rules - Edition 2022, at the following address: [transitional_3-year_settlement_agreements_-_august_2022.pdf \(uefa.com\)](#).

It bears noting that the CFCB First Chamber also signed similar settlement agreements in August 2022 with AS Monaco (FRA), Beşiktaş JK (TUR), Juventus (ITA), Olympique de Marseille (FRA) and Paris Saint-Germain (FRA).

Out-of-court copyright claims

On 8 and 24 August 2022, the Company was served out-of-court claims for alleged copyright violations. The Company responded with a defence refuting the claims. The Company nonetheless activated the indemnity obligations assumed towards it by third parties in connection with these issues. As a matter of prudence, the Company also made the relevant provision in accounts.

Change of Control of the Club

On 31 August 2022, 218,008,094 ordinary shares in the Company (representing approximately 99.93% of AC Milan's share capital) were transferred from Rossoneri Sport Investment Luxembourg to ACM Bidco B.V., a limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated under Dutch law, which has its registered office in Amsterdam (Netherlands) and is registered in the Dutch Commercial Register under number 86598244.

On the same date, those shares were pledged by ACM Bidco B.V. (as pledgor) in favour of Rossoneri Sport Investment Luxembourg S.à r.l. (as secured creditor) under a Pledge Agreement over Shares, which was entered into by correspondence between the parties on 31 August 2022 in their capacities mentioned above with the intervention of Intertrust Trustees Limited as collateral agent.

Notes on the main asset items

(in thousands of Euros)

FIXED ASSETS

Specific tables have been prepared for each class of fixed assets (intangible assets, tangible assets and financial fixed assets), shown in the attachments, which indicate for each item: the historical cost, the accumulated depreciation/amortisation, any write-backs and write-downs, movements during the period and the final balance.

INTANGIBLE FIXED ASSETS

This item amounts to Euro 320,145 thousand (Euro 179,882 thousand at 30 June 2021). The breakdown is as follows:

	30.06.2022	30.06.2021	Change
Player registration rights	127,642	159,953	-32,312
Concessions, licences, trademarks and similar rights	184,023	10,456	173,567

NOTES

Assets in progress and advances	19	3	16
Other intangible fixed assets	8,461	9,469	-1,008
Total	320,145	179,882	140,264

The change in intangible fixed assets is shown in attachment 1, which is an integral part of these Notes.

Player registration rights, of Euro 127,642 thousand (Euro 159,953 thousand at 30 June 2021), also include the costs of direct allocation which are amortised according to the players' contract expiry dates, taking into account any contract extensions agreed before the financial statements are approved. The main changes resulting from investments, disposals and write-downs during the period are detailed in attachment 2, which is an integral part of these Notes.

The item Concessions, licences, trademarks and similar rights, equal to Euro 184,023 thousand (Euro 10,456 thousand at 30 June 2021), mainly refers to Euro 174,000 thousand for the revaluation of the "AC Milan" trademark under Article 110 of Decree-Law 104/2020 and Euro 9,548 thousand (Euro 9,877 thousand at 30 June 2021) for the rights to use the television archive of home matches of A.C. Milan S.p.A. ("Milan Library") bought by Gruppo R.A.I. and R.T.I. S.p.A. (Mediaset Group) during 2009. This archive is supposed to be self-sustaining over time depending on the matches played by the team from time to time.

Other intangible assets, amounting to Euro 8,461 thousand (Euro 9,469 thousand on 30 June 2021), relate in particular to the following:

- Euro 1,684 thousand (Euro 1,260 thousand at 30 June 2021) for investments which were made in the "Casa Milan" headquarters and amortised according to the duration of the rental agreement for the technical and commercial areas;
- Euro 5,512 thousand (Euro 6,192 thousand on 30 June 2021), being the incremental costs incurred for the San Siro Stadium in Milan, amortised according to the duration of the agreement with the Municipality of Milan;
- Euro 1,281 thousand (Euro 2,017 thousand at 30 June 2021) relating to the acquisition of a 10-year ground lease (Article 952(2) of the Civil Code) for the Vismara Training Centre, home to the Milan youth team, owned by the Opera Diocesana per la Preservazione e la Diffusione della Fede.

In relation to intangible fixed assets, amounting to Euro 320,145 thousand at 30 June 2022, it should be noted that write-downs of Euro 8,005 thousand were included under the item Player registration rights deriving from losses from definite sales, which took place in July and August 2022.

TANGIBLE FIXED ASSETS

This item amounts to Euro 5,036 thousand (Euro 2,100 thousand at 30 June 2021). The breakdown is as follows:

	30.06.2022	30.06.2021	Change
Land and buildings	0	1	0

Plant and machinery	334	311	23
Industrial and commercial equipment	3,800	1,173	2,627
Other assets	892	568	324
Assets in progress and advances	10	48	-38
Total	5,036	2,100	2,936

The change in tangible fixed assets is shown in attachment 3, which is an integral part of these Notes.

Plant and machinery, amounting to Euro 334 thousand (Euro 311 thousand at 30 June 2021), relates in particular to the following: The change compared to the previous year, amounting to Euro 23 thousand, mainly concerns the upgrading of the air conditioning system at the Vismara training centre.

Industrial and commercial equipment, amounting to Euro 3,800 thousand (Euro 1,173 thousand at 30 June 2021), mainly related to commercial equipment. The change mainly relates to the purchase of commercial equipment.

Other tangible assets, of Euro 892 thousand (Euro 568 thousand at 30 June 2021), which mainly includes electronic office equipment, furniture, office supplies and vehicles owned by the Milan Group.

FINANCIAL FIXED ASSETS

Equity investments

The breakdown of equity investments in subsidiaries, associates and other companies is as follows:

	30.06.2022	30.06.2021	Change
Subsidiaries	196,885	196,885	0
Associates	1,327	1,327	0
Other companies	1,000	2,000	- 1,000
Total	199,212	200,212	-1,000

With regard to changes during the year relating to financial assets, please see Attachment 4 (Statement of changes in equity investments) and Attachment 7 (List of equity investments in subsidiaries and associates (ex Article 2427 (5) civil code), the latter gives a comparison of the book value and the corresponding share of shareholders' equity, and they form an integral part of these Notes.

Equity investments in subsidiaries

The amount shown for this item, equal to Euro 196,885 thousand (unchanged compared to 30 June 2021), consists of:

- Euro 183,756 thousand (unchanged compared to 30 June 2021), for 100% of the share capital of Milan Entertainment S.r.l., based in Milan, Via Aldo Rossi no. 8, whose main object is the management and commercial promotion of brands owned by or available to A.C. Milan S.p.A.;
- Euro 12,825 thousand (unchanged compared to 30 June 2021), relating to 100% of the share capital of Milan Real Estate S.p.A., headquartered in Carnago (Varese) – Via Milanello no. 25. The company's purpose is the development of projects in the real estate sector, in the area of sports facilities, through any activities or operations aimed at and connected to the construction or acquisition of property complexes and infrastructure;
- Euro 104 thousand (unchanged compared to 30 June 2021) relating to 100% of the share capital of the non-profit Milan Foundation, which was set up in 2003 with the aim of meeting basic individual needs and freedoms, of diffusing a culture of sport as a tool for mental and physical wellbeing, social integration, improving quality of life, and to support and organise charitable projects.
- Euro 0.1 thousand (unchanged compared to 30 June 2021) relating to 1% of the share capital of Casa Milan S.r.l., incorporated in November 2020 with the corporate purpose of buying and selling, exchanging, renting and administering real estate.
- Euro 200 thousand (unchanged compared to 30 June 2021) relating to 100% of the share capital of the company AC Milan (Shanghai) Sports Development Co. Ltd. incorporated in February 2021 and having as its corporate purpose the development of commercial activities under the Milan brand in the Asian market, including the planning and organisation of sports events and the sale of sports material and merchandising.

Equity investments in associates

At 30 June 2022, this item amounted to Euro 1,327 thousand (unchanged compared to 30 June 2021) and refers to the 50% holding in the company M-I Stadio S.r.l., established with F.C. Internazionale Milano S.p.A. for the technical and commercial management of the San Siro Stadium in Milan.

Shareholdings in other companies

This item amounted to Euro 1,000 thousand at 30 June (Euro 2,000 thousand at 30 June 2021) and related to the investment held in European Super League Company S.L.U. ("SL Company"), a company incorporated under Spanish law created to create and manage the competition called "Super League".

Given the limited information at the Company's disposal concerning the financial position of SL Company, and in view of the proceedings pending before the Commercial Court in Madrid, the Company has deemed it appropriate, as a matter of prudence, to recognise a Euro 1,000 thousand allowance for doubtful accounts in relation to this investment.

For any events not described here, please refer to the relevant paragraph in "Significant events during the period".

Long-term receivables**Other receivables**

This item is equal to Euro 363 thousand (Euro 384 thousand at 30 June 2021), mainly comprising security deposits.

WORKING CAPITAL**RECEIVABLES**

	30.06.2022	30/06/2021	Change
Trade receivables	49,715	47,959	1,756
Receivables from subsidiaries	8,195	26,200	-18,005
Receivables from associates		11	-181
Receivables from parent companies			-
Receivables from companies subject to parent companies' control			-
Tax receivables	545	431	114
Deferred tax assets	944	1,139	-194
Other receivables	2,766	908	1,857
Receivables from entities – specific sector	30,730	58,823	-28,092
Total	92,895	135,641	-42,746

Receivables due beyond the next financial year amounted to Euro 9,728 thousand; There were no receivables with a remaining duration of more than five years.

Trade receivables

At the end of the period this item was composed as follows:

	30.06.2022	30.06.2021	Change
Trade receivables	51,867	51,200	667
Provision for doubtful trade receivables	-2,152	-3,240	1,089
Net value	49,715	47,959	1,756

Trade receivables, net of the provision for doubtful accounts, amounted to Euro 49,715 thousand (Euro 47,959 thousand at 30 June 2021) and are of a commercial nature.

The provision for doubtful accounts shown above reflects the value adjustment to the receivables to align them to their estimated realisable value. During the period, the allowance for doubtful accounts was reduced by Euro 1,089 thousand for the receipt of receivables previously written down.

Receivables from subsidiaries, associate, parent companies and companies subject to parent companies' control

The item was composed as follows:

	30.06.2022	30.06.2021	Change
Receivables from subsidiaries:			
- trade receivables	560	21,598	-21,038
-other receivables	7,635	4,602	3,033
Total receivables from subsidiaries	8,195	26,200	-18,005
Receivables from associates:			
-trade receivables	0	181	-181
-other receivables	-	-	-
Total receivables from associates	0	181	-181
Receivables from parent companies:			
- trade receivables	-	-	-
- other receivables	-	-	-
Total receivables from parent companies	-	-	-
Total receivables from companies subject to parent companies' control:			
- trade receivables	-	-	-
- other	-	-	-
Total receivables from companies subject to parent companies' control	-	-	-

Receivables from subsidiaries of a commercial nature for the previous year mainly included Euro 21,050 thousand (not present at 30 June 2022) relating to the transaction that took place in December 2020 and concerning the transfer for consideration of the option right of the property "Casa Milan" to the subsidiary Casa Milan S.r.l..

"Other receivables" from subsidiaries includes Euro 7,635 thousand (Euro 4,602 thousand at 30 June 2021) arising from the execution of the "Agreement on the exercise of the option for the national tax consolidation scheme" and are due from Milan Entertainment S.r.l., Milan Real Estate S.p.A. and Casa Milan S.r.l.. Entertainment S.r.l. and Milan Real Estate S.p.A.

Receivables from associates, which were nil at 30 June 2022 (Euro 181 thousand at 30 June 2021) referred to the trade receivables from M-I Stadio S.r.l. and primarily related to charges for using internal and external facilities at the San Siro stadium under an agreement between A.C. Milan S.p.A., F.C. Internazionale S.p.A. and M-I Stadio S.r.l. for which the licensees pay an annual fee of Euro 1,507 thousand (plus any adjustments).

Tax receivables

At end of the period this item was composed as follows:

	30.06.2022	30.06.2021	Change
Due from Treasury for tax consolidation	-	-	-
Due from Treasury for VAT		0	0
Regional business tax (IRAP) receivables	89	0	89
Other tax receivables	456	431	24
Total	545	431	114

As of 30 June 2022, the Company has a VAT and IRAP liability, the balances of which are therefore recorded in the balance sheet liabilities.

Deferred tax assets

The amount of Euro 944 thousand (Euro 1,139 thousand at 30 June 2021) relates to the recognition of deferred tax assets on the provisions over the years, and in the current year to the provision for doubtful accounts, as to the non-tax-deductible part.

Other receivables

This item, amounting to Euro 2,766 thousand (Euro 908 thousand at 30 June 2021), mainly includes Euro 798 thousand (Euro 842 thousand at 30 June 2021) for advances paid to suppliers, professionals and employees, and Euro 1,872 thousand (not present at 30 June 2021) for the sale of season tickets for the 2022/2023 season. The relevant monies were received in the month of July.

Receivables from entities – specific sector

Net of the provision for doubtful accounts and amortised cost, this item amounts to Euro 30,730 thousand (Euro 58,823 thousand at 30 June 2021). The amount is due from various football clubs, for payments relating to the current and/or past transfer seasons, and in connection with international trips by teams taking part in the training of players sold by those clubs, in accordance with the F.I.F.A. Solidarity mechanism.

Specifically the item consists of:

- Euro 5,158 thousand (Euro 12,151 thousand at 30 June 2021) for amounts due from the Lega Nazionale Professionisti, in respect of various transfer seasons;
- Euro 6,859 thousand (Euro 13,719 thousand at 30 June 2021) for amounts due from the club Seville Futbol Club for the definitive sale of the player Jesus Joaquin Fernández Saenz de la Torre “Suso”;
- Euro 6,533 thousand (Euro 13,066 thousand at 30 June 2021) for receivables from Olympique Lyonnais for the definitive sale of the player Lucas Tolentino Coehlo De Lima “Paquetà”;
- Euro 1,905 thousand (not present on 30 June 2021) for amounts due from the club F.K. Dinamo Moskva for the definitive sale of the player Diego Sebastián Laxalt Suárez;
- Euro 8,576 thousand (not present on 30 June 2021) for amounts due from the club Eintracht Frankfurt Fussball AG for the temporary sale of the player Jens Petter Hauge;
- Euro 588 thousand (not present at 30 June 2021) for amounts due from the club AZ Alkmaar for the definitive sale of the player Kerkez Milos;
- Euro 64 thousand (Euro 184 thousand at 30 June 2021) for amounts due from various football clubs under the “solidarity mechanism”.

It bears noting that Euro 1,783 of the Euro 2,830 thousand originally due from Real Zaragoza S.A.D. for the sale of Ricardo De Oliveira has been covered from the provision for doubtful accounts - professional bodies. The Euro 1,047 thousand reduction in this provision relates to the receipt of that amount in August for a receivable that had previously been write-down.

TOTAL FINANCIAL ASSETS OTHER THAN FIXED ASSETS

Financial assets for centralised cash management, of Euro 8,585 thousand (Euro 5,784 thousand at 30 June 2021) relate to the cash management services performed by A.C. Milan S.p.A. for Milan Real Estate S.p.A., under an infra-group current account contract.

CASH AND CASH EQUIVALENTS

This item consists of the funds in the restricted and ordinary current accounts, totalling Euro 28,764 thousand (Euro 17,448 thousand at 30 June 2021). It should be noted that there are no restricted amounts at the financial statement date.

Cash and valuables on hand amounted to Euro 27 thousand (Euro 33 thousand at 30 June 2021).

ACCRUED INCOME AND PREPAYMENTS

At end of the period this item was composed as follows:

	30.06.2022	30.06.2021	Change
Accrued income	737	-	737.00
Prepaid expenses:			
- prepaid insurance premiums	653	865	-212
- Other prepayments	2,796	2,117	679
Total prepaid expenses	3,449	2,982	467
Total accruals and deferrals	4,186	2,982	1,204

The item Other deferrals equal to Euro 2,796 thousand (Euro 2,117 thousand at 30 June 2021), refer in particular to Euro 231 thousand for the advance invoicing by clothing suppliers and Official Kit Partners, Euro 822 thousand for registered players and collaborators and Euro 80 thousand for commissions on guarantees following the various player transfer campaigns for future periods.

NET FINANCIAL POSITION

As a supplement to the reporting of financial payables and financial receivables in the financial statements, the Net Financial Position is also provided in this section.

	30.06.2022	30.06.2021	Change
Non-current financial assets (cash collateral)	-	-	-
Total financial assets other than fixed assets	8,585	5,784	2,801
Cash and cash equivalents	28,791	17,481	11,310
Total financial assets	37,376	23,265	14,111
Bonds	-	-	-
Payables to shareholders for loans	-	-	-
Financial payables	0	0	0
Payables to other financial institutions	-66,924	-83,843	16,919
Financial payables to subsidiaries, associates, parent companies and other financial liabilities	-189,183	-160,620	-28,563
Total financial liabilities	-256,107	-244,462	-11,644
Net financial position	-218,730	-221,197	2,467

A breakdown of changes in the individual items making up the net financial position is provided in the specific sections of these Notes.

Notes on main shareholders' equity and liability items

(in thousands of Euros)

SHAREHOLDERS' EQUITY

The changes in the items of Shareholders' Equity are provided in attachment 5. Comments are provided on those changes below.

SHARE CAPITAL

Share capital at 30 June 2022, amounted to Euro 113,443,200 (unchanged compared to 30 June 2021), which was fully subscribed and paid up, consisting of 218,160,000 ordinary shares with a nominal value of Euro 0.52 each.

SHARE PREMIUM RESERVE

At 30 June 2022, the Share premium reserve amounted to Euro 31,020,000 (unchanged compared to 30 June 2022) and relates to the premium paid to cover 170,160,000 shares.

REVALUATION RESERVE

On 30 June 2022, a revaluation reserve of Euro 125,454 thousand was recognised under Decree-Law 104/2020 (surplus fund) following the revaluation of the "AC Milan" trademark as permitted by Article 110 of Decree-Law 104/2020, converted into law by Law No. 126 of 13 October 2020, as amended.

LEGAL RESERVE

At 30 June 2022, the Legal reserve totalled Euro 124 thousand and was unchanged from the prior period.

OTHER RESERVES

The balance of Euro 5,000 thousand (Euro 86,950 thousand at 30 June 2021) relates to capital contributions and/or payments to cover losses, made by the previous majority shareholder. The change compared to 30 June 2021 is mainly attributable to the use of reserves to partly cover the loss arising from the previous financial statements for Euro 97,943 thousand, as well as capital contributions made by the shareholder Rossoneri Sport Investment Luxembourg S.à r.l. for a total of Euro 5 million, in addition to liquidity requirements, to strengthen the Company's equity and comply with the financial requirements imposed by the F.I.G.C. (Liquidity Indicator).

PROFIT (LOSS) CARRIED FORWARD

At 30 June 2022, this item amounted to - Euro 45,242 thousand (Euro 34,250 thousand at 30 June 2021) and includes the residual Euro 10,992 thousand loss of the previous financial year and the effects of the changes arising from the first-time adoption of the new OIC accounting standards, amounting to Euro 34,250 thousand.

RESULT FOR THE PERIOD

A loss of Euro 92,297,797.34 was recorded for the 2021/2022 financial year (a loss of Euro 97,942,559 for the year ending 30 June 2021).

PROVISIONS FOR RISKS AND CHARGES

Provisions estimated on the basis of specific losses that are certain or likely are detailed below:

CHANGES IN PROVISION FOR RISK

	Balance at 01.07.2021	Allocation s	(Uses)	Other changes	Balance at 30.06.2022
Provision for deferred tax liabilities	-	-	-	48,546	48,546
Other provisions for risks and charges	18,304	7,420	-3,116	376	22,983
Total	18,304	7,420	-3,116	48,922	71,529

Provision for deferred tax liabilities

On 30 June 2022, following the application of the revaluation permitted by Article 110 of Decree-Law 104/2020, converted into law by Law No. 126 of 13 October 2020, as amended, the “AC Milan” trademark was recognised as an intangible fixed asset and the deferred tax provision calculated based on the brand’s value was recognised for a value of Euro 174 million.

Other provisions for risks and charges

At 30 June 2022 this item amounted to Euro 22,983 thousand (Euro 18,304 thousand at 30 June 2021) and referred to the allocation of future costs for the restructuring of registered players and non-registered personnel; the out-of-court copyright claims received by the party on 8 and 24 August 2022, to which it has issued a defending statement and called on the indemnity obligations of third parties towards the Company; and the risks deemed probable in relation to the Company’s business.

The utilisations for the period refer to transactions concluded with sports personnel whose employment contracts were terminated early during the previous season.

EMPLOYEE LEAVING ENTITLEMENTS

The changes in this item are shown in the following table; The balance is fully sufficient to cover contractual and legal obligations.

	EMPLOYEE LEAVING ENTITLEM ENTS.	End of career entitlements	Total
Balance at 01.07.2021	880	53	933
Provisions	1,152	535	1,687
Uses for employment terminations/prepayments	- 88	0	- 88
Transfers	0		-

NOTES

Payments		-643	- 643
Other changes	-834	107	- 727
Balance at 30.06.2022	1,110	52	1,162

The item Provisions includes revaluation of the pre-existing amount calculated in accordance with legal requirements and the "white semester" amount which represents (solely for the year 2007) the employee leaving entitlements accrued from 1 January 2007 up to the date of selection of allocation to the company supplementary pension fund (closed) or a contractual pension fund (open) or individual pension plan (IPP).

PAYABLES

	30.06.2022	30.06.2021	Change
Bonds	-	-	-
Payables to shareholders for loans	-	-	-
Financial payables	0	0	0
Payables to other financial institutions	66,924	83,843	-16,919
Trade payables	50,253	46,349	3,904
Payables to subsidiaries	193,897	160,751	33,146
Payables to associates	2,179	2,610	-431
Payables to parent companies	-	-	-
Payables to companies subject to parent companies' control	-	-	-
Tax payables	29,995	22,187	7,808
Payables to pension funds and social security agencies	5,815	3,544	2,271
Payables to third parties	22,305	22,131	174
Payables to entities – specific sector	50,538	59,496	-8,958
Total	421,906	400,911	20,995

Payables due beyond the next financial year amounted to Euro 64,426 thousand; There were no payables with a remaining duration of more than five years.

Payables to other financial institutions

This amount, of Euro 66,924 thousand (Euro 83,843 thousand at 30 June 2021) relates to amounts payable to factoring companies for advances on future accounts receivable as follows:

- Euro 40,250 thousand (Euro 38,216 thousand at 30 June 2021) to a factoring contract signed with UniCredit Factoring S.p.A. concerning the sale with recourse to UniCredit Factoring S.p.A. of receivables accrued/matured deriving from the marketing of broadcasting rights of the Serie A championship for three football seasons and of the Official Kit Partner Puma;
- Euro 13,455 thousand (Euro 45,627 thousand at 30 June 2021) to a factoring contract signed with Banca Ifis S.p.A. concerning the sale with recourse of receivables accrued/matured deriving from foreign transfer campaigns.
- Euro 13,219 thousand (not present at 30 June 2021) to a factoring contract signed with Factorit S.p.A., which provides for the possibility for the Parent Company A.C. Milan S.p.A. to request, within the limits of the agreed limit, the payment of debts falling due by the factoring institution, in the name and on behalf of the Parent Company A.C. Milan S.p.A, with repayment of the amounts over time.

Trade payables

These are broken down in the table below:

	30.06.2022	30.06.2021	Change
Suppliers	35,728	33,276	2,452
Suppliers for invoices to be received	14,628	13,072	1,556
Credit notes to be received	-103	0	-103
Total	50,253	46,349	3,904

The item **Trade payables** includes payables to football agents for a total of Euro 6,953 thousand (Euro 6,908 thousand at 30 June 2021), of which Euro 1,675 thousand maturing after the following year.

Payables to subsidiaries, associate, parent companies and companies subject to parent companies' control

The item was composed as follows:

	30.06.2022	30.06.2021	Change
Payables to subsidiaries:			
- trade and other payables	4,714	131	4,583
- financial payables	189,183	160,620	28,563
Total payables from subsidiaries	193,897	160,751	33,146
Payables to associates:			
- trade and other payables	2,179	2,610	-431
- financial payables	-	-	-
Total payables to associates	2,179	2,610	-431
Payables to parent companies:			
- trade and other payables	-	-	-
- financial payables	-	-	-
Total payables to parent companies	-	-	-
Payables to companies subject to parent companies' control:			
- trade and other payables	-	-	-
- financial payables	-	-	-
Total payables to companies subject to the control of parent companies	-	-	-

Trade and other payables to subsidiaries mainly refer for Euro 3,840 thousand (Euro 115 thousand at 30 June 2021) to the company Milan Entertainment S.r.l.

189,183 thousand (Euro 160,620 thousand at 30 June 2021) relate exclusively to Milan Entertainment S.r.l. and derive from cash management services performed by the company under an inter-company current account agreement.

Payables to associates relate to the company M-I Stadio S.r.l. for the coverage of operating costs for the management of the San Siro Stadium in Milan, under an agreement in place between A.C. Milan S.p.A., F.C. Internazionale S.p.A. and M-I Stadio S.r.l., which provides for an annual fee in favour of the concessionaires of Euro 9,100 thousand (plus any adjustments).

Tax payables

	30.06.2022	30.06.2021	Change
Payables for current taxes	539	571	-32
Payable to Treasury for VAT	2,096	4,199	-2,103
Payables withholding tax on income from work:			
- registered players and employees	26,236	16,518	9,718
- freelance workers and consultants	1,124	899	225
Other tax payables and withholdings		-	-
Total	29,995	22,187	7,808

Payables on withholdings on income from work related to the withholdings made on registered players, employees and freelance workers. The change from the previous year is related to the use in the previous year of the suspension of contributions and social security payments due in April-June 2020 pursuant to Decree Law 34/2020 and the suspension of payments due in January-February 2021 pursuant to Article 1, paragraphs 36 and 37 of the 2021 Finance Act. The aforesaid payments resumed from 16 September 2020 and from May 2021 according to the instalment plan granted by Decree Law 104/2020 (so-called August Decree). In addition, withholding taxes for the months of December 2021 and January/March 2022 were not paid in accordance with paragraphs 923 and 924 of Article 1 of Law No. 234/2021 (Budget Law 2022). However, these payments resumed from 26 May 2022.

Payables to pension funds and social security agencies

The amount of this item was broken down as follows:

	30.06.2022	30.06.2021	Change
Payables to I.N.P.S.	5,824	3,450	2,374
Payables/(Receivables) to/from other pension institutions	-9	94	-103
Total	5,815	3,544	2,271

This item also includes the payables for contributions to supplementary pension funds and/or to the Treasury Fund at the INPS. The changes were in line with the trend in the cost of labour. The change from the previous year is related to the use in the previous year of the suspension of contributions and social security payments due in April-June 2020 pursuant to Decree Law 34/2020 and the suspension of payments due in January-February 2021 pursuant to Article 1, paragraphs 36 and 37 of the 2021 Finance Act. The aforesaid payments resumed from 16 September 2020 and from May 2021 according to the instalment plan granted by Decree Law 104/2020 (so-called August Decree). In addition, contributions and social security payments for the months of December 2021 and January/March 2022 were not paid for registered players in accordance with paragraphs 923 and 924 of Article 1 of Law No. 234/2021 (Budget Law 2022). However, these payments resumed from 26 May 2022.

Other payables

These consisted of the following:

	30.06.2022	30.06.2021	Change
Payables to registered players and employees	19,676	18,853	823
Payables to directors, statutory auditors and the Supervisory Body.	47	48	-1
Other payables	2,582	3,231	-649
Total	22,305	22,131	174

Payables to registered players and employees relate in particular to the additional month salaries and bonuses to registered players, which will be duly paid on the established deadlines. The increase compared to the previous year is mainly due to the variable bonuses paid to registered players and employees based on the results of the 2021/2022 season.

The item Other Payables refers mainly to payables for ticket vouchers/season tickets for the 2021/2022 season and payables for holidays, reduced working hours and additional monthly payments.

Payables to entities – specific sector

These amount, net of the amortised cost, to Euro 50,538 thousand (Euro 59,496 thousand at 30 June 2021) and are composed of payables to the Lega Nazionale Professionisti and payables to foreign and national football clubs.

Payables to the Lega Nazionale Professionisti, of Euro 10,375 thousand (Euro 6,967 thousand of 30 June 2021) are the balance of the 2022/2023 transfer campaign.

Payables to foreign and Italian football clubs, amounting to Euro 40,163 thousand (Euro 52,529 thousand at 30 June 2021), net of amortised cost adjustments of Euro 401 thousand, related to:

- Euro 21,659 thousand (Euro 28,969 thousand at 30 June 2021) for the payable to Chelsea Football Club for the definitive purchase of the player Tomori Oluwafikayomi;
- Euro 8,359 thousand (Euro 12,785 thousand at 30 June 2021) for the payable to Lille Olympique Sporting Club for the definitive purchase of the player Mike Petterson Maignan;
- Euro 3,414 thousand (not present at 30 June 2021) for the payable to Football Club des Girondins de Bordeaux for the definitive purchase of the player Yacine Adli;
- Euro 2,000 thousand (not present at 30 June 2021) for the payable to FK Crvena Zvezda for the definitive purchase of the player Marko Lazetic;
- Euro 2,352 thousand (not present at 30 June 2021) for the payable to AS Monaco Football

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- Club for the definitive purchase of the player Fodé Ballo-Touré;
- Euro 732 thousand (not present at 30 June 2021) for the payable to Chelsea Football Club for the temporary purchase of the player Tiémoué Bakayoko;
- Euro 676 thousand (EUR 1,352 thousand at 30 June 2021) for the payable to Liverpool F.C. for the sell-on-fee related to the player Jesus Joaquin Fernández Saez de la Torre "Suso";
- Euro 330 thousand (not present at 30 June 2021) for the payable to FK Bodo/Glimt for the sell-on fee for the player Hauge Jens Petter;
- Euro 250 thousand (not present on 30 June 2021) for the payable to Real Madrid Club de Futbol for exercising the purchase option on the player Brahim Diaz;
- Euro 25 thousand (not present at 30 June 2021) for the payable to ETO F.C. Győr for the sell-on fee related to the player Milos Kerkez;
- Euro 25 thousand (not present at 30 June 2021) to the payable to Cork City FC for the definitive purchase of the player Andrews Cathal;
- Euro 738 thousand (Euro 884 thousand at 30 June 2021) for the payable to various clubs for the fees payable in connection with international transfers to the teams who contributed to the players' training, in accordance with the FIFA solidarity mechanism. Specifically, it mainly comes from the purchase of players Mike Petterson Maignan, Oluwafikayomi Oluwadamilola Tomori, Fodé Ballo-Touré and Tiémoué Bakayoko.

ACCRUED EXPENSES AND DEFERRED INCOME

At end of the period this item was composed as follows:

	30.06.2022	30.06.2021	Change
Accrued expenses	29	40	-11
Deferred income:			
• deferred broadcasting rights	0	10,454	-10,454
• deferred season tickets	10,455	0	10,455
• Other prepayments	16,631	14,480	2,151
Total deferred income	27,086	24,934	2,152
Total accruals and deferrals	27,115	24,974	2,141

The item Deferred income, equal to Euro 27,115 thousand (Euro 24,934 thousand on 30 June 2021) includes:

- Euro 9,450 thousand (Euro 9,774 thousand at 30 June 2021) relating to royalties from rights to use images of Milan's home games in specific seasons ("Milan Library");

- Euro 3,375 thousand (Euro 2,848 thousand at 30 June 2021) relating to advance invoicing for sponsorships and kit;
- Euro 10,455 thousand (not present at 30 June 2021) relating to advance invoicing for season ticket sales valid for the 2022/2023 Serie A season.

Commitments, risks and potential liabilities

COMMITMENTS AND GUARANTEES

Bank guarantees, endorsements and other personal guarantees

These are guarantees issued by banks and/or insurers, totalling Euro 12,454 thousand (Euro 8,502 thousand at 30 June 2021), mainly in favour of:

- Lega Calcio, for the transfer season, for Euro 5,376 thousand (Euro 3,924 thousand at 30 June 2021);
- The Municipality of Milan, for the use of the San Siro Stadium, for Euro 2,349 thousand (unchanged compared to 30 June 2021);
- The Italian Revenue Agency (Agenzia delle Entrate) for Euro 1,497 thousand (Euro 2,097 thousand at 30 June 2021) for a VAT receivable relative to the 2018 VAT return - 2017 tax period, requested as a reimbursement;
- Ministry for Economic Development, for Euro 32 thousand (unchanged compared to 30 June 2021), for prize contests related to the "MILAN120" and "Derby Together" initiatives;
- Fabbrica Immobiliare SGR S.p.A., for Euro 3,200 thousand (not present at 30 June 2021) for the lease on the "Casa Milan" property.

NOTES ON THE MAIN ITEMS OF THE INCOME STATEMENT

(in thousands of Euros)

Introduction

Before analysing the individual items, we remind you that the comments on the general changes in costs and revenues are provided in the Report on Operations, as required by Article 2428 paragraph 1 civil code. We also remind you that the income statement items have been classified according to the financial statement structure established for professional football clubs, in compliance with the provisions of the F.I.G.C. Official Notice no. 58, published on 5 September 2006.

VALUE OF PRODUCTION

The total value of production in the 2021/2022 financial year amounted to Euro 238,589 thousand (Euro 244,835 thousand in the first half of the 2020/2021 financial year). The breakdown of this item is shown below.

Revenues from sales and services

These related to the sale of tickets and season tickets to attend first team matches. They include, in particular:

	FY 2021/2022	FY 2020/2021	Change
Home match revenues:			
•League matches	21,019	0	21,019
•Tim Cup matches	2,879	0	2,879
•European and international matches	7,728		7,728
Season tickets	—	0	0
Revenues from other competitions	235	0	235
Total	31,861	0	31,861

This change, and the consequent increase in revenues from sales and services, is due to the reopening of stadiums and the possibility of playing home fixtures in the league and European competition in front of a crowd after the Italian Government rolled back its Covid-19 restrictions.

Other revenues and income

This income consisted of:

	FY 2021/2022	FY 2020/2021	Change
Operating grants	173	0	173
Sponsorship revenues	30,972	27,868	3,104
Commercial revenues and royalties	8,681	6,597	2,085
Income from the sale of broadcasting rights:			
Broadcasting income	88,729	121,857	-33,129
Audiovisual income from participation in UEFA competitions.	44,272	16,404	27,868

Sundry income:

•Income from archive rights licensing	6,422	8,714	-2,292
•Publishing income			-
•Sundry income	232	261	-29
Revenues from player loans	1,661	63	1,598
gains from the sale of player registration rights	5,570	20,185	-14,615
Other income from player management	3,227	8,133	-4,906
Other sundry revenues	16,790	34,753	-17,964
Total	206,728	244,835	-38,107

Sponsorship revenues, of Euro 30,972 thousand (Euro 27,868 thousand in the 2020/2021 financial year) mainly relate to the following:

- Euro 15,000 thousand (Euro 14,200 thousand in the 2020/2021 financial year) in fees paid by the Official Sponsor Emirates;
- Euro 15,541 thousand (Euro 13,108 thousand in the 2020/2021 financial year) in fees paid by the Official Kit Partner Puma International Sports Marketing B.V. for the purchase of the right to place their branding on the club's official kit;
- Euro 431 thousand (Euro 560 thousand in the 2020/2021 financial year) in payments from contracts with the corporate sponsors, official and technical suppliers, and commercial partners under which the club allows sponsors to use the titles of "Official Supplier", "Official Partner" and "Institutional Sponsor" for advertising and publicity.

Income from trading and royalties, amounting to Euro 8,681 thousand (Euro 6,597 thousand in the 2020/2021 financial year), mainly relate to the revenues from merchandising and licensing and in particular to the agreement with Puma International Sports Marketing B.V..

Income from the sale of broadcasting rights, of Euro 133,000 thousand (Euro 138,261 thousand in the 2020/2021 financial year):

- Euro 88,729 thousand (Euro 121,857 thousand in the 2020/2021 financial year) from the centralised licence of audiovisual rights for the 2021/2022 season of various packages assigned to broadcasters, including in particular Sky Italia S.r.l., RAI IMG Media and Perform Investment Ltd (Dazn). The negative change is mainly related to the fact that some matches of the previous year's 2020/2021 Serie A Championship were played in July and August 2020 following the postponement in the conclusion of the competition due to Covid that led, therefore, to the playing of a lower number of matches compared to the previous year;
- Euro 44,272 thousand (Euro 16,404 thousand in the 2020/2021 financial year) relating to the amount paid to the Company as a result of the trading and utilisation of television and radio broadcasting rights for participation in the 2021/2022 UEFA Champions League.

Income from archive rights licensing, amounting to Euro 6,422 thousand (Euro 8,714 thousand in the 2020/2021 financial year), relating to the fees resulting from the granting of the users right for the images of the A.C. Milan home matches for specific football seasons (the "Milan Library").

Revenues from player loans, amounting to Euro 1,660 thousand (Euro 63 thousand in the 2020/2021 financial year), relate to the following players loaned out by the Club:

Player	Selling club	Amount
Jens Hauge	Eintracht Frankfurt Fußball	1,636
Alessandro Sala	A.C. Renate	12
Luis Capanni	U.S. Viterbese	12
Total		1,660

Gains from the sale of player registration rights, realised in the year 2021/2022, are listed below with details of the name of the player and the selling club:

Player	Selling club	Net carrying amount (*)	Sale amount	Gain
Jens Hauge	Eintracht Frankfurt Fußball	3,054	7,500	4,810
Milos Kerkez	AZ Alkmaar	420	1,175	755
Gregorio Domante	Como 1907	-	5	5
Gains				5,570

(*) Net of the effect of the implementation of the “amortised cost” method as provided for by Article 2426, paragraph 1, no. 8 of the Italian Civil Code.

Other income from player management, of Euro 3,227 thousand (Euro 8,133 thousand in the 2020/2021 financial year) relates to:

- Euro 600 thousand (not present in the 2021/2022 financial year) as a non-redemption bonus from Crotone Calcio for the player Walter Messias Junior;
- Euro 127 thousand (not present in the 2021/2022 financial year) as a solidarity payment from RB Leipzig for the player André Valente Da Silva;
- Euro 56 thousand (not present in the 2021/2022 financial year) from Empoli Calcio the player Patrik Cutrone;
- Euro 1,000 thousand (Euro 1,000 thousand in the 2021/2022 financial year) to the variable consideration paid by Atalanta B.C. for the achievement of the contractually envisaged targets by the player Matteo Pessina;
- Euro 700 thousand (not present in the 2020/2021 financial year) to the variable consideration paid by Eintracht Frankfurt for the achievement of the contractually envisaged target by the player Hauge Jens Petter;
- Euro 735 thousand (Euro 490 thousand in the 2020/2021 financial year) to the variable consideration paid by Sevilla Futbol Club for the player Jesús Joaquín Fernández Sáenz de la Torre "Suso" reaching the contractual target;
- Euro 9 thousand (Euro 378 thousand in the 2020/2021 financial year) for the solidarity contribution paid by various clubs for the transfer of certain players who played for Milan aged between 12 and 23.

The item "Other sundry revenues" of Euro 16,790 thousand (Euro 34,753 thousand in the 2020/2021 financial year) comprised Euro 3,116 thousand (Euro 14,626 thousand in the 2020/2021 financial year) for the utilisation, for various reasons, of the provision for future charges accrued in previous years' financial statements, and Euro 6,621 thousand (Euro 2,995 thousand in the 2020/2021 financial year) for contingent assets and other residual revenues and income. It bears noting that, in the 2020/21 financial year, Euro 11,450 thousand in other extraordinary income was recorded due to the sale of the pre-emption right over the "Casa Milan" property. This item also includes Euro 3,272 thousand (Euro 3,426 thousand in the 2020/2021 financial year) as income arising from the recharge of costs to Milan Entertainment S.r.l., in particular for the use of indoor spaces at Casa Milan and at the San Siro Stadium in Milan, to Milan Real Estate S.p.A., of players and third parties, as well as Euro 1,407 thousand (unchanged compared to the 2020/2021 financial year) as consideration deriving from the invoicing to the associated company M-I Stadio S.r.l. for the use of some indoor and outdoor areas at the San Siro stadium in Milan, Euro 766 thousand (Euro 461 thousand in the 2020/2021 financial year) for insurance reimbursements following injuries sustained by Milan's first team players and Euro 383 thousand (Euro 241 thousand in the 2020/2021 financial year) as income for miscellaneous recharges.

COSTS OF PRODUCTION

Costs of production in the 2021/2022 financial year amounted to Euro 337,863 thousand (Euro 342,538 thousand in the 2020/2021 financial year).

Costs for the purchase of consumables and goods

Costs for the purchase of consumables and goods, of Euro 2,975 thousand (Euro 3,307 thousand in the 2020/2021 financial year) essentially relate to the costs of purchasing sports kit for training, the official kits supplied by the Official Kit Partner, and medical supplies.

Cost for services were broken down as follows:

	FY 2021/2022	FY 2020/2021	Change
Costs for registered players	3,906	4,929	-1,022
Costs for sporting activities	1,823	1,566	257
Specific technical costs	12,164	11,604	560
Lodging, accommodation, and match transport costs	2,623	2,453	169
Player insurance	2,516	2,403	113
Other consultancies and collaborations	4,734	3,553	1,181
Advertising expenses	2,039	988	1,051
Miscellaneous services from subsidiaries	20,759	19,883	876
Administrative and general expenses	13,992	13,925	67
Total	64,555	61,304	3,250

Costs for registered players, amounting to Euro 3,906 thousand (Euro 4,929 thousand in the 2020/2021 financial year), relate to the expenses incurred for health and schooling assistance and for training and camp sessions of the first team and the youth sector.

Costs of sporting activities of Euro 1,823 thousand (Euro 1,566 thousand in the 2020/2021 financial year) are fees payable to medical and healthcare professionals, and other related costs.

Specific technical costs, amounting to Euro 12,164 thousand (Euro 11,604 thousand in the 2020/2021 financial year), are mainly composed of consultancy and technical-sports collaborations for Euro 6,860 thousand (Euro 5,517 thousand in the 2020/2021 financial year), sports agent and

auxiliary costs for the Transfer Campaign for Euro 3,376 thousand (Euro 4,458 thousand in the 2020/2021 financial year), the reduction of which is mainly related to the effects of the 2021/2022 Transfer Campaign, and by costs for monitoring players for Euro 1,234 thousand (Euro 1,251 thousand in the 2020/2021 financial year).

Lodging, accommodation, and match transport costs, amounting to Euro 2,623 thousand (Euro 2,453 thousand in the 2020/2021 financial year), consist of expenses incurred for the away matches of the first team and the minor teams.

Player insurance of Euro 2,516 thousand (Euro 2,403 thousand in the 2020/2021 financial year), relates to the premiums paid to insure the players of the first team and youth sector, and have increased as a result of further insurance items being included in the cover.

Other consultancies and collaborations of Euro 4,734 thousand (Euro 3,553 thousand in the 2020/2021 financial year) includes the amounts payable for management and strategic consulting, legal and notarial fees, and administration, organisation and tax, communication, technical and other costs.

Advertising expenses, which amounted to Euro 2,039 thousand (Euro 988 thousand in the 2020/2021 financial year), mainly included posters and other advertising expenses.

Miscellaneous services from subsidiaries amount to Euro 20,759 thousand (Euro 19,883 thousand in the 2020/2021 financial year) and refer to:

- Euro 14,309 thousand (Euro 14,083 thousand in the 2020/2021 financial year), for the service agreement between A.C. Milan S.p.A. and Milan Entertainment S.r.l., under which the latter provides the Parent A.C. Milan S.p.A. with commercial, marketing, sales, personnel management, stadium management, administration, IT, logistics and general services;
- Euro 6,450 thousand (Euro 5,800 thousand in the 2020/2021 financial year) to the agreement renewed on 1 July 2020, under which the subsidiary Milan Real Estate S.p.A. provides A.C. Milan S.p.A. with a series of management services for the Milanello Training Centre.

Administrative and general expenses, amounting to Euro 13,992 thousand (Euro 13,925 thousand in the 2020/2021 financial year) mainly include costs arising from the management of the San Siro Stadium in Milan related to technical and maintenance, commercial, administrative and other services charged by the company M-I Stadio S.r.l., under a specific contract, for Euro 4,550 thousand (unchanged with respect to the 2020/2021 financial year), as well as fees to Directors for Euro 3,774 thousand (Euro 3,450 thousand in the 2020/2021 financial year), to Statutory Auditors for Euro 36 thousand (Euro 36 thousand in the 2020/2021 financial year) and to the Supervisory Board for Euro 23 thousand (unchanged with respect to the 2020/2021 financial year). This item also includes the costs for the production and audiovisual distribution of the images of the Serie A Championship - 2021/2022 edition for Euro 339 thousand (Euro 1,857 thousand in the 2020/2021 financial year), the costs for information systems for Euro 881 thousand (Euro 1,078 thousand in the 2020/2021 financial year), miscellaneous utilities for Euro 1,236 thousand (Euro 644 thousand in the 2020/2021 financial year), maintenance of playing fields, venues and miscellaneous for Euro 673 thousand (Euro 546 thousand in the 2020/2021 financial year), insurance for miscellaneous risks for Euro 613 thousand (Euro 521 thousand in the 2020/2021 financial year), travel expenses, expense accounts and other employee costs of Euro 540 thousand (Euro 295 thousand in the 2020/2021 financial year), cleaning costs of Euro 260 thousand (Euro 217 thousand in the 2020/2021 financial year) and bank fees and commissions of Euro 432 thousand (Euro 33 thousand in the 2020/2021 financial year).

Cost of services and use of leased assets

This item totalled Euro 11,770 thousand (Euro 9,743 thousand in the 2020/2021 financial year) and mainly consisted of:

- costs of Euro 4,759 thousand (Euro 4,000 thousand in the 2020/2021 financial year) resulting from the use of the San Siro Stadium in Milan under the agreement reached with the Municipality of Milan involving the joint management of the stadium together with F.C. Internazionale Milano S.p.A. from 1 July 2000 up to 30 June 2030, of which Euro 2,222 thousand (Euro 2,000 thousand in the 2020/2021 financial year) will be subsequently deducted from the rental payments upon completion of the modernisation work carried out each year on the San Siro Stadium in Milan;
- lease expenses of Euro 3,512 thousand (Euro 2,796 thousand in the 2020/2021 financial year), including transaction costs, for the new “Casa Milan” premises;
- the costs of property rentals and service charges of Euro 820 thousand (Euro 1,168 thousand in the 2020/2021 financial year) relating to an agreement with the subsidiary Milan Real Estate S.p.A., concerning the provision by that company, to A.C. Milan S.p.A. of real estate services consisting of the provision of various types of property;
- the hiring of corporate transport and other equipment, of Euro 2,678 thousand (Euro 1,779 thousand in the 2020/2021 financial year).

Personnel costs

Personnel costs were broken down as follows:

	2021/2022			2020/2021		
	Registered players	Other employees	Total	Registered players	Other employees	Total
Wages and salaries	143,364	10,239	153,602	136,357	18,448	154,805
Social security charges	3,832	2,500	6,332	3,831	1,996	5,827
End of career entitlements/Employee leaving entitlements	878	810	1,688	839	528	1,367
Other costs	107	165	273	107	133	240
Total	148,181	13,714	161,895	141,134	21,105	162,239

The item employee leaving entitlements consists of Euro 395 thousand for the allocation of employee leaving entitlements, including substitute tax, and Euro 757 thousand for the employee leaving entitlements that, in accordance with the pensions reform, have been allocated to the supplementary pensions schemes of transferred to the Treasury fund established at the Italian National Social Security Institute (INPS), and Euro 535 thousand to the I.F.C. provision.

The cost for registered personnel is broken down as follows:

	2021/2022	2020/2021	Change
Players contractual remuneration	104,781	107,924	-3,143
Variable remuneration linked to sports results	20,243	11,619	8,624
Team managers contractual remuneration	7,869	8,009	-140
Variable remuneration linked to sports results	3,368	2,921	447
Contractual remuneration for instructors, technicians and others	5,091	4,716	375
Variable remuneration linked to sports results	660	0	660
Contractual payments to medical staff	1,353	1,168	185
Variable remuneration linked to sports results		0	0
Total	143,364	136,357	7,007

Details of the average numbers of personnel employed by the company in the 2021/2022 financial year are provided below:

	2021/2022	2020/2021	Change
Players	55.16	59	-3.8
Team managers/other coaches	166.67	167.5	-0.8
Directors	15.08	12.8	2.3
Journalists	7	7	-
Office workers and middle managers	80.5	76.8	3.7
Workers	1	1	-
Total	325.4	324.	1.3

Amortisation, depreciation and write-downs

Amortisation of intangible fixed assets, amounting to Euro 65,077 thousand (Euro 73,481 thousand in the 2020/2021 financial year) consisted of the following:

- Euro 62,555 thousand (Euro 65,624 thousand in the 2020/2021 financial year) being the amortisation of player registration rights, calculated in proportion to the duration of their contracts, the decrease of which is linked to the transfer season in 2021/2022;
- Euro 2,522 thousand (Euro 7,857 thousand in the 2020/2021 financial year) for the amortisation of the other intangible fixed assets detailed below:

	FY 2021/2022	FY 2020/2021	Change
Software	104	101	3
Trademarks	98	100	-3
Television images historical archive (Milan Library)	329	5,769	-5,440
Vismara Training Centre long-term lease and related improvements	1,194	986	208
Improvement San Siro Stadium in Milan	681	676	5
Leasehold improvements	116	224	-108
Total	2,522	7,857	-5,335

Depreciation of tangible fixed assets amounted to Euro 827 thousand (Euro 477 thousand in the 2021/2022 financial year) and consisted of:

- Euro 69 thousand (Euro 52 thousand in the 2020/2021 financial year) for plant and machinery;
- Euro 473 thousand (Euro 183 thousand in the 2020/2021 financial year) for equipment;
- Euro 285 thousand (Euro 242 thousand in the 2020/2021 financial year) for other tangible assets.

The item **Other write-downs of fixed assets**, equal to Euro 8,007 thousand (Euro 1,864 thousand in the 2020/2021 financial year), relates to the write-down of the **Player registration rights of some players**, due to the effect of losses of some players in July and August 2022.

Provisions for risks

This item amounted to Euro 7,420 thousand (Euro 7,952 thousand in the 2020/2021 financial year) and includes, among others, the provision for future expenses related to sports and non-sporting personnel and the matter of the out-of-court copyright claims made to the Company.

Sundry management expenses

Sundry management expenses consisted of:

	FY 2021/2022	FY 2020/2021	Change
Various match organisation expenses	217	149	68
Match registration costs	20	3	17
Percentage paid to visiting teams		0	0
Costs for acquisition of player services on loan	7,443	11,821	-4,378
Costs for players sell on fees	380	2,028	-1,648
Losses from the sale of multi-year player registration rights	/ 456	/ 224	232
Other expenses from player management:			
•Solidarity mechanism	4		4
•Training indemnity and development costs	116	112	4
Other management expenses:			0
•Contributions to Lega Nazionale Professionisti / other bodies	1,285	1,306	-21
•Match penalties and fines	92	82	10
•Losses on receivables	0	191	-191
•Other duties and taxes	602	330	272
•Other	2,723	3,911	-1,188
Total	15,338	22,157	-6,819

Costs for acquisition of player services on loan, amounting to Euro 7,443 thousand (Euro 11,821 thousand in the 2020/2021 financial year), refer to the following players purchased by the club:

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Player	Selling club	Amount
Abdelkader Diaz	Real Madrid	1,747
Pietro Pellegrini	AS Monaco FC	493
Tiémoué Bakayoko	Chelsea FC	666
Cathal Sean Andrews	Cork City FC	10
Alessandro Florenzi	AS Roma	1,870
Simone Di Maggio	Alcione Milano SSD	15
Walter Messias Junior	F.C. Crotone	2,600
Daniele Eberini	Cimiano Calcio SSD	12
Simone Batistini	ASD Gruppo Sportivo Villa	10
Victor Eletu	Cedratese Calcio 1985	10
Amaral Castilho	A.C.D. Sedriano	10
Total		7,443

Losses from the sale of multi-year player registration rights, equal to Euro 2,456 thousand (Euro 2,224 thousand in the 2020/2021 financial year), realised during the 2021/2022 financial year, concern the following players.

Player	Selling club	Net book value	Sale amount	Loss on disposal
Andrea Conti	US Sampdoria	2,420	-	-2,420
Riad Tahar	termination	6	-	-6
Alessandro Sala	Pro Sesto	30	-	-30
Total		2,456	-	-2,456

Other management expenses, amounting to Euro 4,703 thousand (Euro 5,821 thousand in the 2020/2021 financial year), mainly related to contingent liabilities for Euro 2,142 thousand (Euro 2,019 thousand in the 2020/2021 financial year), Euro 1,285 thousand for Lega Nazionale Professionisti Serie A contributions (Euro 1,306 thousand in the 2020/2021 financial year), Euro 15 thousand (Euro 1,207 thousand in the 2020/2021 financial year) for charitable donations, and Euro 467 thousand (Euro 588 thousand in the 2020/2021 financial year) for costs arising from recharges to Milan Entertainment S.r.l., Milan Real Estate S.p.A. and players and third parties.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses show an income of Euro 4,768 thousand (expenses of Euro 1,500 thousand in the 2020/2021 financial year) and were broken down as follows.

	FY 2021/2022	FY 2020/2021	Change
Income from equity investments from subsidiaries	10,003	3,100	6,903
Total income from equity investments	10,003	3,100	6,903
Bank interest income	0	2	-2
Interest income from subsidiaries	73	74	-1
Interest on other receivables	24	1,040	-1,016
Total financial income	97	1,117	-1,020
Bank interest expenses	0	0	0
Interest expense on other debt	-1,724	-2,074	350
Interest expense from subsidiaries	-1,662	-1,499	-162
Interest expense on other debt	-24	-87	63
Other interest and financial charges	-1,819	-2,052	233
Total financial expenses	-5,229	-5,713	484
Exchange rate gains	1	2	-1
Exchange rate losses	-105	-6	-99
Total exchange rate gains (losses)	-103	-4	-99
Total	4,768	-1,500	6,268

Income from equity investments, equal to Euro 10,003 thousand, relates respectively for Euro 9,800 thousand and Euro 200 thousand for the dividends of the subsidiaries Milan Entertainment S.r.l. and Milan Real Estate SpA, as well as Euro 3 thousand from Casa Milan S.r.l., as per the resolution of the Shareholders' meeting of 26 October 2021, relating to the approval of the financial statements for the year ended 30 June 2021.

The item **Interest on other receivables** includes the positive effect of Euro 24 thousand (Euro 282 thousand in the 2020/2021 financial year), from the adoption of the amortised cost criterion on receivables from the player transfer campaign.

The item **Other interest and financial charges** includes Euro 638 thousand (Euro 927 thousand in the 2020/2021 financial year) being the commission payable on guarantees issued by banks and/or insurers, mainly used as partial coverage for the player transfer season, and Euro 716 thousand (Euro 210 thousand in the 2020/2021 financial year), being the effects of applying the amortised cost principle to the bonds and liabilities arising from the player transfers.

VALUE ADJUSTMENTS OF FINANCIAL ASSETS**Write-downs**

Euro 1 million refers to the write-down of the investment in SL Company.

INCOME TAXES FOR THE PERIOD**Current taxes**

	FY 2021/2022	FY 2020/2021	Change
IRAP (regional business tax)	-3,088	-2,448	-639
Tax income from tax consolidation	6,490	4,501	1,990
Direct taxes from previous financial years	-194	—149	-45
Total	3,208	1,903	1,305

The item Transferred tax income from tax consolidation shows the income for 2021/2022 linked to the tax benefits resulting from disciplining relations exclusively as part of the Milan Group's sub-consolidation, in implementation of the agreement for the exercises of the option of the national tax consolidation signed with the subsidiaries Milan Entertainment S.r.l. and Milan Real Estate S.p.A. and Casa Milan S.r.l.

Deferred tax assets and liabilities

The item Deferred tax assets and liabilities shows net assets of Euro 194 thousand (Euro 149 thousand in the 2020/2021 financial year).

PROFIT (LOSS) FOR THE PERIOD

The period 2021/2022 resulted in a loss of Euro 92,297,797 (loss of Euro 97,942,559 in the 2020/2021 financial year).

Remuneration of the Directors, Statutory Auditors and the Supervisory and Control Body
Details are provided below of the remuneration for the 2021/2022 financial year due to the
Directors, Statutory Auditors and the Supervisory and Control Body for the positions held in
the Company and in its subsidiaries.

	A.C. Milan S.p.A.	Milan Entertainment S.r.l.	Milan Real Estate S.p.A.
Board of Directors	3,508	-	-
Board of Statutory Auditors	23	15	15
Supervisory and control body	36	18	18
Total	3,567	33	33

Proposals of the Board of Directors to the Shareholders' Meeting

Dear Shareholders

The financial statements at 30 June 2022 of your company closed with a loss of Euro 92,297,797.34, a share capital of Euro 113,443,200.00, fully subscribed and paid up, a share premium reserve of Euro 31,020,000.00, fully subscribed and paid up, a legal reserve of 123,889.55, a revaluation reserve of Euro 125,454 thousand (pursuant to Italian Decree-Law 104/2020) and payments on account of future capital increases and/or to cover losses of Euro 5,000,000.00 and retained losses of Euro 45,242,063.

We therefore propose to cover the loss for the year of Euro 92,297,797.34 by utilising the available reserves.

We trust in your agreement with the configuration and criteria used in preparing the financial statements at 30 June 2022, which we request you to approve.

Milan, 29 September 2022

**for the Board of Directors
The Chief Executive Officer
Ivan Gazidis**



ATTACHMENTS



ATTACHMENTS

These attachments contain additional information to that reported in the Notes, of which they are an integral part.

This information is contained in the following attachments:

- **statement of changes in intangible fixed assets;**
- **statement of changes in player registration rights;**
- **statement of changes in tangible fixed assets;**
- **statement of changes in equity investments;**
- **statement of changes in shareholders' equity;**
- **breakdown statement of Shareholders' equity reserves;**
- **List of equity investments and key figures from the latest financial statements of subsidiaries and associates as per Article 2427(5) of the civil code.**

Attachment 1

Statement of changes in intangible assets

(in thousands of Euros)									
Historical cost	01.07.2021	Investments	(Disinvestments)	Other changes	(Amortisation)	(Write-downs)	Write-backs	(Write-downs) / Write-backs	30.06.2022
Start-up and expansion costs	—	—	—	—	—	—	—	—	—
Industrial patents and intellectual property rights	—	—	—	—	—	—	—	—	—
Concessions, licences, trademarks and similar rights	44,548	174,100	—	—	—	—	—	—	218,648
Assets in progress and advances	3	745	(729)	—	—	—	—	—	19
Player registration rights	350,721	47,517	(75,542)	—	—	—	—	—	322,696
Other intangible fixed assets	27,466	1,154	(178)	—	—	—	—	—	28,442
Total	422,738	223,516	(76,449)	—	—	—	—	—	569,805
Accumulated amortisation and Provision for Doubtful Accounts	01.07.2021	Investments	(Disinvestments)	Other changes	(Amortisation)	(Write-downs)	Write-backs	(Write-downs) / Write-backs	30.06.2022
Start-up and expansion costs	—	—	—	—	—	—	—	—	—
Industrial patents and intellectual property rights	—	—	—	—	—	—	—	—	—
Concessions, licences, trademarks and similar rights	(34,093)	—	—	—	(532)	—	—	—	(34,625)
Player registration rights	(188,903)	—	64,411	—	(62,555)	(8,007)	—	(8,007)	(195,054)
Other intangible fixed assets	(17,997)	—	—	6	(1,991)	—	—	—	(19,982)
Total	(240,993)	—	64,411	6	(65,078)	(8,007)	—	(8,007)	(249,661)
Net value	01.07.2021	Investments	(Disinvestments)	Other changes	(Amortisation)	(Write-downs)	Write-backs	(Write-downs) / Write-backs	30.06.2022
Start-up and expansion costs	—	—	—	—	—	—	—	—	—
Industrial patents and intellectual property rights	—	—	—	—	—	—	—	—	—
Concessions, licences, trademarks and similar rights	10,455	174,100	—	—	(532)	—	—	—	184,023
Goodwill and consolidation difference	—	—	—	—	—	—	—	—	—
Assets in progress and advances	3	745	(729)	—	—	—	—	—	19
Player registration rights	161,818	47,517	(11,131)	—	(62,555)	(8,007)	—	(8,007)	127,642
Other intangible fixed assets	9,469	1,154	(178)	6	(1,991)	—	—	—	8,461
Total	181,745	223,516	(12,038)	6	(65,078)	(8,007)	—	(8,007)	320,145

ATTACHMENTS

Attachment 3

Statement of changes in tangible fixed assets

(in thousands of Euros)							
Historical cost	01.07.2021	Investments	(Disinvestments)	Other changes	(Amortisation)	(Write-downs) / Write-backs	30.06.2022
Land and buildings	34	—	—	—	—	—	34
Plant and machinery	645	92	—	—	—	—	737
Industrial and commercial equipment	3,370	3,258	(159)	—	—	—	6,469
Other tangible assets	2,946	615	(48)	—	—	—	3,513
Tangible assets in progress	48	149	(187)	—	—	—	10
Total	7,043	4,114	(394)	—	—	—	10,763

Accumulated amortisation and Provision for Doubtful Accounts	01.07.2021	Investments	(Disinvestments)	Other changes	(Amortisation)	(Write-downs) / Write-backs	30.06.2022
Land and buildings	(34)	—	—	—	—	—	(34)
Plant and machinery	(334)	—	—	—	(69)	—	(403)
Industrial and commercial equipment	(2,196)	—	—	—	(473)	—	(2,669)
Vehicles	(26)	—	—	—	—	—	(26)
Electronic office equipment	(1,155)	—	48	—	(63)	—	(1,170)
Furniture and fittings	(1,197)	—	—	(6)	(222)	—	(1,425)
Other tangible assets	(2,378)	—	48	(6)	(284)	—	(2,621)
Total	(4,942)	—	48	(6)	(827)	—	(5,727)

Net value	01.07.2021	Investments	(Disinvestments)	Other changes	(Amortisation)	(Write-downs) / Write-backs	30.06.2022
Land and buildings	—	—	—	—	—	—	—
Plant and machinery	311	92	—	—	(69)	—	334
Industrial and commercial equipment	1,174	3,258	(159)	—	(473)	—	3,799
Other tangible assets	568	615	—	(6)	(285)	—	891
Tangible assets in progress	48	149	(187)	—	—	—	10
Total	2,101	4,114	(346)	(6)	(827)	—	5,035

Attachment 4

Statement of changes in equity investments

(in thousands of Euros)								
Historical cost	01.07.2021	Investments	(Disinvestments)	Other changes	(Write-downs)	Write-backs	(Write-downs) / Write-backs	30.06.2022
Subsidiaries:								
Milan Entertainment S.r.l.	183,756	—	—	—	—	—	—	183,756
- Milan Real Estate S.p.A.	12,825	—	—	—	—	—	—	12,825
- AC Milan (Beijing) Sports Development Co. Ltd.	—	—	—	—	—	—	—	—
- AC Milan (Shanghai) Sports Development Co. Ltd.	200	—	—	—	—	—	—	200
- Fondazione Milan - Onlus	104	—	—	—	—	—	—	104
- Casa Milan S.r.l.	—	0	—	—	—	—	—	0
Associates:								
- M-I Stadio S.r.l.	1,327	—	—	—	—	—	—	1,327
Other companies								
- European Super League Company	2,000	—	—	—	—	—	—	2,000
Total	200,212	0	—	—	—	—	—	200,212
Write-down provision								
	01.07.2021	Investments	(Disinvestments)	Other changes	(Write-downs)	Write-backs	(Write-downs) / Write-backs	30.06.2022
Subsidiaries:								
Milan Entertainment S.r.l.	—	—	—	—	—	—	—	—
- Milan Real Estate S.p.A.	—	—	—	—	—	—	—	—
- AC Milan (Beijing) Sports Development Co. Ltd.	—	—	—	—	—	—	—	—
- AC Milan (Shanghai) Sports Development Co. Ltd.	—	—	—	—	—	—	—	—
- Fondazione Milan - Onlus	—	—	—	—	—	—	—	—
- Casa Milan S.r.l.	—	—	—	—	—	—	—	—
Associates:								
- M-I Stadio S.r.l.	—	—	—	—	—	—	—	—
Other companies								
- European Super League Company	—	—	—	—	(1,000)	—	(1,000)	(1,000)
Total	—	—	—	—	(1,000)	—	(1,000)	(1,000)
Net value								
	01.07.2021	Investments	(Disinvestments)	Other changes	(Write-downs)	Write-backs	(Write-downs) / Write-backs	30.06.2022
Subsidiaries:								
Milan Entertainment S.r.l.	183,756	—	—	—	—	—	—	183,756
- Milan Real Estate S.p.A.	12,825	—	—	—	—	—	—	12,825
- AC Milan (Beijing) Sports Development Co. Ltd.	—	—	—	—	—	—	—	—
- AC Milan (Shanghai) Sports Development Co. Ltd.	200	—	—	—	—	—	—	200
- Fondazione Milan - Onlus	104	—	—	—	—	—	—	104
- Casa Milan S.r.l.	—	0	—	—	—	—	—	0
Associates:								
- M-I Stadio S.r.l.	1,327	—	—	—	—	—	—	1,327
Other companies								
- European Super League Company	2,000	—	—	—	(1,000)	—	(1,000)	(1,000)
Total	200,212	0	—	—	(1,000)	—	(1,000)	199,212

ATTACHMENTS

Attachment 5

Statement of changes in shareholders' equity

(in thousands of Euros)

Changes in shareholders' equity	Share capital	Share premium reserve	Revaluation reserves	Legal reserve	Statutory Reserves	Other reserves	Profit (loss) carried forward	Profit/(loss) for the year	Total Shareholders' Equity
Balance at 30.06.2019	113,443	31,020	0	124	0	169,380	(34,250)	(155,869)	123,848
Resolution of 28.10.2019:									
- covering of losses						(155,869)		155,869	0
- capital increase									0
Capital contributions and/or contributions to cover losses						145,000			145,000
Other									0
Result for the period								(201,061)	(201,061)
Balance at 30.06.2020	113,443	31,020	0	124	0	158,511	(34,250)	(201,061)	67,787
Resolution of 28.10.2020:									
- covering of losses						(201,061)		201,061	0
- capital increase									0
Capital contributions and/or contributions to cover losses						129,500			129,500
Other									0
Result for the period								(97,943)	(97,943)
Balance at 30.06.2021	113,443	31,020	0	124	0	86,950	(34,250)	(97,943)	99,344
Resolution of 26.10.2021:									
- covering of losses						(86,950)	(10,992)	97,943	1
- capital increase									0
Capital contributions and/or contributions to cover losses						5,000			5,000
Other			125,454						125,454
Result for the period								(92,298)	(92,298)
Balance at 30.06.2022	113,443	31,020	125,454	124	0	5,000	(45,242)	(92,298)	137,501

Attachment 6

Breakdown of shareholders' equity reserves**Attachment 6**

(in thousands of Euros)

Nature/Description	Amount	Possible use	Available amount	Summary of uses in the three previous years to cover losses for other reasons
Share capital	113,443			
Capital reserves:				
Capital contributions	5,000	A, B, C	5,000	454,873
Share premium reserve	31,020	A, B	31,020	
Earnings reserve:				
Legal reserve	124	B	124	
Statutory reserves	0	A, B, C	0	
Profits carried forward	(45,242)	A, B, C	0	
Total	-9,098		36,144	
Non-distributable amount			36,144	
Remaining distributable amount			0	

Key

A: for capital increases

B: to cover losses

C: for distribution to shareholders

ATTACHMENTS

Attachment 7

List of equity investments in subsidiaries and associates (pursuant to Article 2427 no. 5 civil code)

(in thousands of Euros)

Name Share capital	Headquarters	Ownership interest as at 30/06/2022	Result for the year	Shareholders' Equity at 30/06/2022		Carrying amount at 30/06/2022
				Total amount	Pro-rata amount	
Subsidiaries						
Milan Entertainment S.r.l. Share Capital: € 20,000,000	Milan Via Aldo Rossi no. 8	100%	13,551	201,431	201,431	183,756
Milan Real Estate S.p.A. Share Capital: € 5,000,000	Carnago (VA) Via Milanello no. 25	100%	320	14,197	14,197	12,825
AC Milan (Shanghai) Sports Development Co. Ltd. Share Capital: € 200,000	Shanghai (PRC) Room 03, Floor 7, No. 989, Changle Road, Xuhui District, Shanghai	100%	474	673	673	200
Casa Milan S.r.l. Share Capital: € 10,000	Milan Via Aldo Rossi no. 8	1%	4,529	5,553	56	0
- Fondazione Milan - Onlus Endowment fund: € 104,000	Milan Via Aldo Rossi no. 8	100%	0	105	105	104
Associates						
M-I Stadio S.r.l. Share Capital: € 1,000,000	Milan Via Piccolomini no. 25	50%	1,042	3,696	1,848	1,327
Other companies						
European Super League Company (*)	Madrid c/José Ortega y Gasset, número 29, quinta planta, Madrid 28006	9%	0	0	0	1,000

(*) It should be noted that the Company was incorporated on 17 April 2021 and as of the date of these financial statements, information relating to its Balance Sheet (in particular Shareholders' Equity and Share Capital) and Income Statement was not available.

BOARD OF STATUTORY AUDITORS' REPORT



AC. MILAN S.P.A.

Registered office: Via Aldo Rossi, 8 – 20149 Milan

Share capital approved, subscribed and paid up: Euro 113,443,200

Tax code and registration number in the Milan-Monza-Brianza-Lodi Register of Companies

01073200154

BOARD OF STATUTORY AUDITORS REPORT TO THE SHAREHOLDERS' MEETING FOR THE APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 PREPARED PURSUANT TO ART. 2429 PARAGRAPH 2 OF THE ITALIAN CIVIL CODE.

To the Shareholders' Meeting of
A.C. MILAN S.P.A.

During the year ended 30 June 2022, our activities were guided by the provisions of the law and the Rules of Conduct for the Board of Statutory Auditors of Unlisted Companies issued by the National Council of Chartered Accountants, published in December 2020 and effective from 1 January 2021.

This report informs you of these activities and the results. The financial statements as at 30 June 2022 of the company AC Milan S.p.A. (hereinafter the "Company") drawn up in compliance with Italian regulations governing the preparation of financial statements, have been submitted for your examination and show an operating loss of Euro 92,297,797.

The independent auditor EY S.p.A. provided us with its report dated 10 October 2022, containing an opinion without modification.

According to the independent auditor's report, the financial statements as at 30 June 2022 give a true and fair view of the financial position, results of operations and cash flows of your Company and have been prepared in accordance with Italian law.

The Board of Statutory Auditors, not being in charge of the legal audit, carried out the supervisory activities on the financial statements provided for by Rule 3.8. of the "Rules of conduct for the Board of Statutory Auditors of non-listed companies" consisting of an overall summary control aimed at verifying that the financial statements have been correctly drawn up. Verification of compliance with accounting data is the responsibility of the independent auditors, who are responsible for the professional opinion on the financial statements, pursuant to Article 14 of Legislative Decree No. 39 of 27 January 2010.

The Board of Statutory Auditors ascertained that each member of the board continued to meet the professional requirements under Article 2397 of the Civil Code and had not met the revocation criteria under Article 2399 of the Civil Code.

1) SUPERVISORY ACTIVITIES PURSUANT TO ARTICLES 2403 ET SEQ. OF THE ITALIAN CIVIL CODE.

We have supervised compliance with the law and the By-laws of association, respect for the principles of proper administration and, in particular, the adequacy of the organisational structure, the administrative and accounting system and their actual functioning.

We have attended the Shareholders' Meetings and Board meetings and, on the basis of the information available, we have no particular findings to report.

We have obtained from the Board of Directors information on the general performance of operations and outlook, as well as on the most significant transactions, due to their size or characteristics, including relations with institutional bodies, carried out by the Company and its subsidiaries and, based on the information obtained, we have no particular observations to report.

Significant events during the year included the completion of the sale of the Casa Milan belonging to Casa Milan S.r.l. to Fabrica Immobiliare SGR S.p.A. and the conclusion of the liquidation procedures of the subsidiary AC Milan (Beijing) Sports Development Co. Ltd.

The typical activities carried out by the Company did not change during the year under review and are consistent with the corporate purpose. It should be noted that the Company obtained the National License for the purpose of admission to the 2022/2023 championship on 10 July 2022 and the UEFA License for the 2022/2023 season on 6 May 2022. The Board of Statutory Auditors obtained the settlement agreement reached with UEFA on 31 August 2022 through the CFCB First Chamber.

We exchanged data and relevant information to the performance of our supervisory activities with the independent auditor in a timely manner.

We have met with the members of the Supervisory Board and no critical issues arose from the meetings with regard to the proper implementation of the organisational model that need to be highlighted in this report.

We have acquired knowledge of and supervised, to the extent of our competence, the adequacy and functioning of the administrative-accounting system, as well as the reliability of the latter in correctly representing management events, by obtaining information from the heads of functions and examining company documents, and in this regard, we have no particular observations to report.

No complaints have been received from shareholders pursuant to Article 2408 of the Italian Civil Code.

No complaints have been made pursuant to Article 2409 paragraph 7 of the Italian Civil Code.

A particular focus of the Board of Statutory Auditors' activities between May and June 2022 was the communication received from a former indirect minority shareholder and a director. In this regard, the Board of Statutory Auditors responded to the recipients in a timely manner.

We have not reported any matters to the governing board in accordance with and for the purposes of Article 15 of Decree Law No. 118/2021 (from 15 July 2022 under Article 25-octies of Legislative Decree 14/2019). On 14 September 2022, the Board of Statutory Auditors issued its opinions on the remuneration of directors holding special offices. On 6 October 2022, the Board of Statutory Auditors issued a reasoned proposal for the external audit engagement.

On 11 June 2022, Mr Cerchione resigned from his position as director.

On 31 August 2022, 218,008,094 ordinary shares in the Company were transferred from Rossoneri Sport Investment Luxembourg S.à.r.l. to ACM Bidco B.V. Following the resignation of the majority of the members of the Board of Directors and the consequent dissolution of the Company's entire Board of Directors on 14 September 2022, the Company's Shareholders' Meeting appointed new members of the Board of Directors who will remain in office for three years.

The organisational structure was defined following the renewal of the Club's Technical Director.

Please refer to the Management Report for the effects on the Company of the uncertainty surrounding the war in Ukraine and the Covid-19 pandemic. Regarding the latter, during the periodic meetings we obtained information on the measures and safeguards put in place by the Company, in compliance with the directives issued by the authorities.

During the course of the supervisory activity, as described above, no other significant facts emerged that would require mention in this report.

2) OBSERVATIONS ON THE FINANCIAL STATEMENTS

The net loss ascertained by the Board of Directors for the financial year ended 30 June 2022 is equal to Euro 97,297,797.

According to the independent auditors report, dated 10 October 2022, *"the financial statements as at 30 June 2022 give a true and fair view of the financial position, results of operations and cash flows of the Company for the year ended and have been prepared in accordance with Italian law"*. This report includes an emphasis of matter to going concern, to whom made reference.

It should be noted that the directors considered the going concern requirement to be met also on the basis of the letter of commitment, sent by the majority shareholder ACM Bidco B.V., to financially assist the Group for a period of not less than 12 months from the date of approval of the financial statements as of 30 June 2022, this commitment renewed the previous dated 31 August 2022.

The notes to the financial statements show the payments made by the former majority shareholder during the year totalling Euro 5 million.

Since no analytical audit of the content of the financial statements has been delegated, attention has been paid to the approach taken to the draft financial statements, their general compliance with the law as regards their form and structure, and in this respect there are no observations that need to be highlighted in this report.

In view of the particular activity carried out by the Company, the provisions issued by the Federazione Italiana Giuoco Calcio (Italian Football Federation) and by the Commissione di Vigilanza per le Società di Calcio Professionistiche (Supervisory Commission for Professional Football Clubs) were also taken into account.

To the best of our knowledge, the directors, in preparing the financial statements, have not waived from Article 2423, paragraph 4, of the Italian Civil Code.

Information in relation to revaluations and public funds are adequately presented in the Notes of Financial Statements.

Based on the appraisals delivered to us, we believe the trademark revaluation made in accordance with and for the purposes of Article 11 of Decree-Law 104/2020, converted into Law 126/2020 (as amended), does not exceed the value actually attributable to the asset.

The financial statements have been checked for consistency with the facts and information gathered from the meetings held, and no further observations are noted in this respect.

Compliance with the legal provisions relating to the preparation of the management report has been verified and there are no observations to be made in this report. According to the independent auditor's report, *"The management report is consistent with the financial statements of A.C. Milan S.p.A. as at 30 June 2022 and has been prepared in accordance with the law"*.

We did not observed any atypical and/or unusual transactions with Group companies, third parties or related parties.

3) OBSERVATIONS ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors has prepared the consolidated financial statements on the basis of national accounting standards, in accordance with the law and in compliance with the current provisions introduced by the UEFA licensing manual, which show a group loss of Euro 66.5 million and group shareholders' equity of Euro 131.2 million.

On 10 October 2022, the independent auditors EY S.p.A. issued their report on the consolidated financial statements as at 30 June 2022. According to the independent auditors report, *"the consolidated financial statements as of 30 June 2022 give a true and fair view of the financial position, profit and loss, and cash flows of the Group for the year then ended and have been prepared in accordance with Italian law"*.

This report includes an emphasis of matter to going concern, to whom made reference. It should be noted that the directors considered the going concern requirement to be met also on the basis of the letter of commitment issued by the shareholder ACM Bidco B.V., as referred to above.

Compliance with the legal provisions relating to the form and structure of the consolidated financial statements has been verified. There are no observations to be made in this report in this regard.

Compliance with the legal provisions relating to the preparation of the management report has been verified. Also in this case, there are no observations to be made in this report. According to the independent auditor's report, *"The Management Report is consistent with the consolidated financial statements of the Group as at 30 June 2022 and has been prepared in accordance with the law"*.

The consolidated financial statements and their accompanying documents should be taken into account by the Shareholders' Meeting for information purposes only, as they are not subject to approval.

4) OBSERVATIONS AND PROPOSALS REGARDING THE APPROVAL OF THE FINANCIAL STATEMENTS

In view of our findings and the opinion expressed in the audit report issued by the independent auditors, we invite shareholders to approve the financial statements for the year ended 30 June 2022, as prepared by the directors.

The Board of Statutory Auditors agrees with the proposal for the allocation of the loss for the year formulated by the directors in the notes to the financial statements.

Milan, 10 October 2022

The Board of Statutory Auditors

Franco Carlo PAPA – Chairman of the Board of Statutory Auditors

Cesare CICCOLINI - Statutory Auditor

Alberto DELLO STROLOGO - Statutory Auditor

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INDEPENDENT AUDITOR'S REPORT





A.C. Milan S.p.A.

Financial statements as at June 30, 2022

Independent auditor's report pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010

**EY****Building a better
working world**EY S.p.A.
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20123 MilanoTel: +39 02 722121
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of
A.C. Milan S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of A.C. Milan S.p.A. (the Company), which comprise the balance sheet as at 30 June 2022, the income statement and statement of cash flows for the year then ended, and explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw the attention to the note "Going Concern" of the Board of Directors' report on operations and of the explanatory notes, which indicate that the Company's a loss for the period amounts to Euro 92,3 million, the shareholders' equity amounts to Euro 137,5 million and the negative financial indebtedness amounts to Euro 218,7 million. In this context the Directors underline the financial support guaranteed by the majority shareholder for a period of not less than 12 months from the date of approval of the financial statements. Based on these assumptions, the Directors have prepared these financial statements under the going concern assumption. Our opinion is not modified in respect to this matter.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

EY S.p.A.
Sede Legale: Via Meravigli, 12 - 20123 Milano
Sede Secondaria: Via Lombardia, 31 - 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
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The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of A.C. Milan S.p.A. are responsible for the preparation of the Report on Operations of A.C. Milan S.p.A. as at 30 June 2022, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the financial statements of A.C. Milan S.p.A. as at 30 June 2022 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the financial statements of A.C. Milan S.p.A. as at 30 June 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, October 10, 2022

EY S.p.A.
Signed by: Luca Pellizzoni, Auditor

This report has been translated into the English language solely for the convenience of international readers.

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